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'YES,' BUT BARELY

France's Weak Approval of Maastricht Treaty Leaves Europe With Fragile Consensus on Future

Other Leaders See Warnings In Closeness Of the Vote

Compiled by Our Staff From Dispatches

European leaders reacted to the French result with statements ranging from expressions of despair for the future of Europe to declarations that all was well and that unity plans would go forward.

But much of the reaction seemed to undermine new nationalistic forces at work in Europe, with European leaders interpreting the results to satisfy their own domestic needs.

Prime Minister Poul Schluter of Denmark highlighted the proportion of "no" votes on the Treaty on European Union and said the result showed that it was not totally acceptable in its present form.

It "shows that certain elements of the Maastricht treaty are unacceptable to the citizens of France and Denmark, and in other countries, and that understanding for the Danish rejection has grown," he said. Denmark rejected the treaty in June.

President Mario Soares of Portugal, a strong pro-European, said the narrow margin in France showed "there are still a lot of confused and undecided people in Europe."

In Britain, skeptics of European integration inside the Conservative Party vowed they would try to derail the treaty, which is awaiting ratification in the House of Commons.

"We in Britain have got our own choice to make," Michael Spicer, a Conservative Party critic of the treaty, said Sunday night. "We cannot rely on the French to make the choice for us."

Prime Minister John Major, calling an EC summit meeting for early next month, said he personally still backed the treaty. "We now need to consider the way forward," he said in reaction to the French vote.

Foreign Minister Klaus Kinkel of Germany dismissed suggestions that the treaty must be renegotiated.

But Mr. Kinkel said on German television, "We must sit down with our partners and consider that people in Europe, especially in Germany, very clearly want this Europe, but also want to keep their national identity."

"I breathed a sign of relief," Prime Minister Giuliano Amato of Italy said in a television interview. "If the French electorate hadn't voted 'yes,' then four decades of work probably would have fallen to pieces with irreparable damage."

Jacques Delors, president of the EC Commission, said in a statement that the French had said "yes" to a decisive step forward for the European Community, although he acknowledged the margin of victory was close.

"I hope the other member states of the Community, which have yet to ratify the new treaty of European Union, will do so with the reasonable hope of building close cooperation to achieve the objectives we clearly and democratically set," he said.

In Denmark, where voters in June narrowly rejected the treaty, Foreign Minister Uffe Ellemann-Jensen called the French vote "a shock or everyone" that "shows a strong need for thinking."

Chancellor Helmut Kohl of Germany said he

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President Francois Mitterrand, followed by Prime Minister Pierre Berégovoy, leaving the Chateau-Chimon city hall after voting in the referendum on the Maastricht treaty.

By Joseph Fitchett International Herald Tribune

PARIS — French voters gave a grudgingly close "yes" to the Maastricht treaty on closer European unity in a referendum on Sunday, the government said. Computer projections put the approval rate at slightly more than 51 percent.

With nearly 90 percent of the vote counted, the Interior Ministry said the "yes" vote totaled 50.66 percent.

Approval, even by such a narrow margin, saved France from an embarrassing repudiation of its own pro-European policies and keeping open the door to continued efforts to achieve closer economic and diplomatic cooperation.

But coming in a country that has afforded bedrock support for the European unity movement, the outcome—with a "no" from near-

ly 49 percent of voters in an election that mobilized a turnout of about 70 percent of voters—reinforced the widespread view that European leaders must significantly loosen their plans for a tighter European Community.

Fearful that a French "no" might have reignited the financial turbulence that boiled up last week when markets sensed Europe's tensions, officials in Germany and Italy voiced "relief."

But the French vote fell far short of the overwhelming approval that had been initially expected six months ago when President Francois Mitterrand called for the referendum to revive the EC momentum after Danish voters rejected the treaty last June.

Instead, the French outcome was "so close that Europe and Europe's cooperation will never be the same again," according to Uffe El-

lemann-Jensen, the Danish foreign minister and a strong partisan of Maastricht (Monday Q&A, Page 2).

Britain, which currently holds the EC presidency, maintains that the treaty cannot go into effect until there is some official modification in Denmark's position, perhaps in the form of a government statement.

On Sunday night, Prime Minister John Major of Britain called for a summit meeting of EC leaders for early next month. Mr. Major, who faces increasingly vocal opposition to the Maastricht treaty in his own party, said that the summit meeting should decide on how to proceed with EC cooperation following the narrow French "yes."

In the event of a French "no," plans were already under way this weekend for an emergency EC meeting on Tuesday. New London

apparently hopes that a little time might allow Denmark time to reconsider.

Even with the wafer-thin French approval, a British official said, "France and Germany will claim that this is a decisive vote in any democratic system and try to regain some momentum for their ideas."

German diplomats said that the outcome preserved the French-German partnership on European cooperation, which a French "no" would have seriously jeopardized.

The outcome in France was too close to be considered a political victory for Mr. Mitterrand, who had taken the decision to call the referendum. Polls during the campaign suggested that voters might take the opportunity to repudiate

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A Glittering Eurodream Bites the Dust

By Jim Hoagland Washington Post Service

PARIS — The centralized European union of 12 nations that was to have been built around German economic discipline and French bureaucratic skill has been so badly wounded in a week of economic and political turmoil that its survival now seems in doubt.

The weak endorsement of the Maastricht idea of a European federation by the French electorate Sunday added to the evidence of a decisive turn in European public opinion against both the German economic model of fighting inflation at all costs and the style of bureaucratic policy-making that the European Community headquarters had adapted from Paris.

Under the treaty signed in the Dutch city of Maastricht in December, the leaders of the 12 EC nations agreed to synchronize their economies with Germany's low-inflation policies and to adopt a common European cur-

rency beginning in 1997. This was to be the basis for tightening political and diplomatic unity as well.

For France and Germany, Maastricht was to have been the bridge between the single European market the Community will inaugurate on Jan. 1, 1993, and the future United States of Europe that the Community was to become in the 21st century. Britain and other

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states, on the other hand, instead have viewed Maastricht as "the outer limit" of European unity.

But even that British view now seems optimistic when measured against the rejection of the treaty by Danish voters in June, the financial pressures that forced Britain and Italy to cut their currencies loose from the German mark last week and the spirited, almost successful challenge that French poli-

ticians raised against the treaty in the campaign on the referendum.

European leaders emphasized Sunday night that the single market provisions, which call for the elimination of all barriers to the movement of goods, capital and labor within the EC, will continue. They were also forced to underline that they will have to work hard to get the basic ideas contained in the Maastricht treaty accepted.

"Maastricht now looks like a rider that has been thrown by his horse at an unexpected obstacle," said a German official who knows the thinking of Chancellor Helmut Kohl on this subject. "What must be done now is for the rider to get back on the horse and get over the obstacle, even if they have to take a different route."

But this official and others acknowledged that Europe's political leaders would have to

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Markets Expected to Test Franc's Link With Mark

By Carl Gewirtz International Herald Tribune

PARIS — France's determination to keep the franc's fixed value against the Deutsche mark is expected to be severely tested in the markets this week.

Even analysts who see the franc easily weathering the coming challenge dismissed the significance of Sunday's nearly 0.6 percent rise of the franc that was registered in thin off-market trading just after it became clear a narrow majority had approved the Maastricht treaty.

The dollar also fell by about 1 percent, apparently moving on the early assumption that the franc is safe and that the Bundesbank will not be obliged to come to its rescue with a substantial reduction in its interest rates.

"It's a knee-jerk reaction to the favorable vote," said Robin Hubbard, economist at Paribas Capital Markets, the London-based securities operations of Banque Paribas.

"I'm not sure the franc's advance can be sustained. A low majority in favor is hardly a thumbing endorsement for monetary union or for Mitterrand," he said, referring to the French president.

The franc was quoted in extraordinary Sur-

day trading in London at 3,3990 DM, an improvement over Friday's close of 3,4195 DM. The dollar at 1.4835 DM was down from 1.5035 DM.

Mr. Hubbard's skepticism about the franc's ability to walk away from the vote uncashed is widely shared. However, there is a considerable disparity in views about what happens then.

David C. Roche, Morgan Stanley's London-

EC finance ministers affirmed their commitment to the European monetary grid. Page 13.

based strategist, sees a devaluation of the franc against the mark as "almost inevitable. The small majority voting in favor is not large enough to halt speculation," he said.

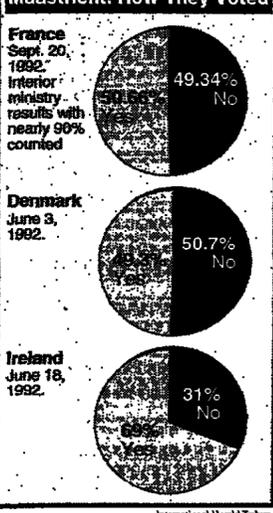
"It points to hesitant support. In addition, there are still roadblocks ahead — U.K. and German ratification and reintegration of Denmark." Danish voters rejected the treaty on economic and monetary union last June.

"The currency market will vote for a realignment," he predicted.

George Magnus, at S.G. Warburg in London, predicted.

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Maastricht: How They Voted



Few Accounts Are Settled By Referendum Outcome

By Tom Redburn International Herald Tribune

PARIS — For all its importance, the French vote to support the Maastricht agreement does not settle many of the doubts about prospects for European economic and monetary union.

With all the nervous speculation in recent weeks about the consequences of a rejection Sunday by the French, culminating in the wild

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speculations on currency markets last week that forced Britain and Italy out of the European Monetary System, there had been little focus about what a "yes" vote would mean for European integration.

But despite France's backing of the treaty, Europe is not likely to be going back to the future envisioned by the 12 European Community leaders who adopted the treaty in the Dutch city of Maastricht in December.

"Even with a French 'yes,'" said Albert Bressand, director of Prométhée, a Paris-based economic research organization, "political leaders will never again be able to assume that their

ideas for building a united Europe are as uncontroversial as motherhood and apple pie." Stanley Crossick, director of the Belmont European Policy Center in Brussels, said that the Community was likely to look for a way out of its limbo by developing a two-track system for economic and monetary union.

"The immediate problem is to stabilize the monetary system," he said. "But looking down the road, we may have to bring forward the timetable for EMU, accepting the fact that a lesser number of countries may be included."

"A 'no' vote would have killed the Treaty on European Union, setting back for years plans for a single currency and a central bank to manage it. It would have also undermined dreams of creating a European superpower that could take charge more effectively in diplomatic and military crises.

But it is questionable whether a narrow French 'yes' will be easily able to revive past faith in those objectives.

While Jacques Delors, president of the EC Commission, said that "it is the result that counts," others in Brussels were not so sure.

See VOTE, Page 2

Kiosk

3 Swedes Jailed For Iraq Entry

STOCKHOLM (Reuters) — Iraq has sentenced three Swedes to seven years' imprisonment each for illegally entering the country, the Swedish Foreign Ministry said Sunday.

Leif Westberg, Christer Stromgren and Stefan Wihlborg, three engineers working on a project in Kuwait for the telephone company L.M. Ericsson, were arrested after entering Iraq on Sept. 3.

General News

Some Perot backers in Arizona find hope again. Page 3. In Budapest, an ideological broadside stirs a furor. Page 6.

Business/Finance

Boris Yeltsin is seeking further compromise with forces opposed to reform. Page 13. Environmental concerns get fresh priority at Dow Chemical Co. Page 18.

Crossword Weather

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COPING — An Sarajevo resident bracing for winter with wood from the destroyed National Library. The UN considered renewing aid flights after test-landing a plane in Sarajevo Page 7.

Mired in an Excess of People and Paper

By William Branigan Washington Post Service

NEW YORK — The images are familiar: blue-betted UN peacekeepers performing difficult missions in places like Lebanon and Cambodia, humanitarian relief workers fighting poverty and hunger in the Third World, idealistic UN employees striving to make the "new world order" a reality.

As its new secretary-general has observed, "The United Nations has almost too much credibility now."

But behind these images lies an enormous, largely uncontrolled bureaucracy, subject to abuses and deficiencies that impair its effectiveness, a nine-month study of the United Nations by The Washington Post has found.

Interviews with current and former UN officials on four continents, reviews of thousands of pages of documents and visits to

UN program sites yielded these snapshots:

The UN Empire

First of a series

UN program sites yielded these snapshots:

• Thousands of refugees in Africa have gone hungry or died because of what relief officials describe as mismanagement, negligence and, in some cases, corruption in UN agencies or associated governmental bodies. UN food aid and other resources have been pilfered for years by governments and armies with impunity.

• Peacekeeping operations, some of which drag on for decades, have become a source of soaring costs with minimal oversight. In a \$1.7 billion operation in Cambodia, five times more money is budgeted for newspaper and magazine subscriptions for UN troops than for external auditing.

• Reports and publications that serve mainly to justify budgets and employment are printed at enormous cost, contributing to the

UN's image as a huge paper mill. Among the works are voluminous yearbooks published years out of date and esoteric technical studies that go largely ignored.

• UN offices that dot the globe, such as a "regional disarmament center" in Kathmandu, Nepal, often seem to have scant value beyond expanding the organization's worldwide presence. Once formed, UN entities hardly ever disband.

• Heavy spending on travel and conferences, including Law of the Sea talks in Jamaica in the winter and meetings of the Economic and

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Schwarzkopf vs. White House 'Hawks'

By Michael R. Gordon New York Times Service

WASHINGTON — In a new memoir that raises questions about the conduct of the Gulf War, General H. Norman Schwarzkopf complains that he was pressed by Bush administration "hawks" to start a land offensive against Iraqi forces before he was ready and before diplomatic efforts were exhausted.

He criticizes the "John Wayne" mentality that he says led civilian officials in Washington to try to advance the date of the ground

war after Moscow mounted a last-ditch diplomatic effort that would have enabled President Saddam Hussein to pull Iraqi forces out of Kuwait.

General Schwarzkopf does not name the administration "hawks," nor say whether they were merely reflecting the wishes of President George Bush, for whom he had only praise.

He says the dispute over the starting date led to an emotional shouting match between himself and General Colin L. Powell, chairman of the Joint Chiefs of Staff. The dispute

was eventually settled to General Schwarzkopf's satisfaction.

The announcement last year that General Schwarzkopf planned to write his autobiography created a stir when Bantam Books agreed to pay him \$5 million for the work. "It Doesn't Take a Hero," written with Peter Petre, is a 530-page book that provides new disclosures about the planning and execution of the war and seems intended to establish the general's place in history by providing an

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'YES,' BUT BARELY: 'Like everybody else,' the Danes are relieved.

Back to the 'Danish Problem,' Mindful of London and Bonn

With the 'yes' vote Sunday in France on the Maastricht treaty, the attention now switches back to Denmark, the only European Community country that has rejected the agreement.

taking place in the U.K., Germany and elsewhere. And we will have to learn from that because, if we do not learn and try to give the Community some more democratic legitimacy, then we might well lose support.

We hope that we will be able to present our proposals during October, and we

MONDAY Q&A

Q. Where does the result leave Denmark?

A. We are relieved, of course. Like everybody else, we are wiping the sweat from our brows, but it was a very, very close race and this, of course, has some impact on what you might call the European landscape, in which we shall have to discuss the Danish situation.

We European politicians should take note of how close the race was, and we should also take note of the discussion

hope that a framework for a solution before the Edinburgh summit so that it will be in place before we take over the presidency on Jan. 1.

Q. Some have suggested that because you are the odd man out at the moment you might have to step aside in January.

A. Are we really the odd man out or are we the odd man in? Because it is fairly obvious that there is too large a distance from the Community to the individual Europeans. I believe that the solution to

what some have called the Danish problem might also become a solution to what might become a far more serious European problem, and that is why we are planning to ask for discussion on ideas like more democracy, more openness, more decentralization. We have to find solutions there and this has to be solved before we can go back to the Danish voters and ask for a second opinion.

Q. Jacques Chirac, the former French prime minister, called this very narrow vote not an ending of a process but a point of departure. Do you think that indeed this may be the start of a process not to renegotiate the treaty but to take another look at it?

A. I hope that it will be possible to create a solution that makes it obvious to all Europeans that these things are now being taken more seriously. I was one of those who worked very hard to get the Maastricht treaty through in our country,

and I still believe it was the best possible thing. I don't have second thoughts on that, but I have had to learn from the message that we got from our voters, and other European politicians should get the same message because otherwise we might end up in a far more serious mess.

Q. Do you think this result will calm down the turmoil on the markets?

A. As an economic journalist for 15 years, I believe that what we saw was a ghost from the past, and it underlined the need to continue to strengthen the cooperation on the currency market.

I also believe that it is wrong to blame the Germans. They accepted to enter into closer economic and monetary union so that it would not only be the German Bundesbank council that would be sitting in Frankfurt deciding the fate of everybody else but there would be a new council where we would all sit. The Germans accepted that. A lot of us dragged our

feet, and therefore it is ill-timed to blame the Germans for continuing to play according to the rules that they have accepted to change.

Q. Can the Europeans move ahead with plans for a common foreign policy as a result of the French vote?

A. You can only make a common foreign policy if you agree on what the elements have to be. We have always known that some of the larger member countries — one of them the one that voted today — could not be brought to support a common foreign policy that they thought was against their own deeper feelings or interests. So nothing has changed there.

Q. Must there be an immediate European summit meeting as a result of the French referendum?

A. Why? What we need to do is keep our nerves calm, just as we would have had to do had it been a "no" vote.

EUROPE: A Once-Glittering Dream Bites the Dust

(Continued from page 1)

take public opinion — and the fragile state of most European economies — into account much more fully than in the past in developing their long-range plans for a Continental political and economic union.

Efforts toward unity have been damaged in recent months, European financial and political analysts say, by the feeling that Germany's high interest rates and determination to maintain an inflation-proof mark have contributed significantly to the recessionary or low-growth cycles that grip the entire Continent.

British officials have made this concern explicit in their criticism of Germany for "rigid" economic policies as a way of defending London's about-face last week in withdrawing the British pound, indefinitely, from the fixed-parity zone of the European Monetary System.

This represented a dramatic and politically damaging concession for

Prime Minister John Major, who in October 1990 led the move to bring the pound into the Community's exchange rate mechanism. Mr. Major was repeating the conventional wisdom of the time by arguing that linking the pound to the mark, Europe's strongest currency, would enable Britain to import Germany's low-inflation, high-growth economic model.

But a month later, the Berlin Wall fell. Unification has imposed an enormous financial burden on Germany, which has driven interest rates up close to 10 percent to keep inflation down and the mark up, and to attract foreign currency to help finance its growing budget deficit.

German officials have defended their policies as an effort to export "a culture of stability" to the rest of Europe. This view was implicitly endorsed by the chief architect of the Maastricht treaty, Jacques Delors, the Frenchman who is president of the European Community's executive body, the EC Commission. Mr. Delors told the French in late 1990 that they should be glad to be part of the "German mark zone" because linking the franc

tightly to the mark brought price stability and low unit production costs.

But the continuing rise of unemployment in Britain and France — both countries are approaching the historic 3 million unemployed mark — has dampened public enthusiasm for what the German model has become.

The referendum's outcome represents a strong, perhaps fatal, political setback for Mr. Delors in France. Six months ago, he was listed in the polls as the leading contender to succeed President François Mitterrand in 1995, even though he has never been elected to a major post in France. But the technocratic wing in which Mr. Delors is perceived to have managed the Maastricht process has created a political disaster for him.

The sudden change in mood about the future of Europe was captured in a speech Mr. Delors gave to the European Parliament in Strasbourg last week. Instead of emphasizing the EC's role, he told the parliament that from now on, national parliaments would have a much stronger say in European unity.

FRANCE: Half-Hearted Approval of the Treaty Leaves Europe With a Fragile Consensus

(Continued from page 1)

Many French leaders agreed that the Community must become more democratic, meaning that more of its decisions need to be debated publicly in member countries before being adopted by the Community.

French leaders and Mr. Delors added that the "yes" vote had given Europe a better chance of weathering the challenges of self-defense in global financial markets and also provided a better hedge against seeing political unrest in Eastern Europe spill over on its richer neighbors.

The result was hailed by the country's political leadership, which had campaigned for approval, as an outcome that spared France from what they depicted as a cataclysm of a "no" vote repudiating decades of pro-European efforts by successive French governments.

The nuanced welcome in Germany reflected the concern among many officials in Bonn about the barely veiled fear toward rising German strength voiced by both sides in the French campaign. Both camps played on French fears —

fears of a "no" as an open door to chaos in Europe, and fears of a "yes" that would erode France's sovereignty and let other European nationalities invade French life.

French economic stagnation and rising unemployment tarnished the appeal of EC plans and turned the emotional campaign into a mere bid by the political establishment to stave off defeat, as dissidents in their own parties turned against the treaty.

The victory reflected support mainly among middle class, more prosperous, more educated and self-confident social categories. Older people, with memories of war with Germany, also were favorable.

Opponents were a tactical coalition of Communists, the far right, led by Jean-Marie Le Pen, and some political mavericks. This diverse group would have afforded the country no coherent political alternative if the "no" had won.

shopkeepers and many women, according to pre-election surveys.

Many of these people reportedly feared the Maastricht blueprint for closer European cooperation would threaten their livelihoods and perhaps even their neighborhoods because of greater immigration. Many French people complained that they were unsure what the complex treaty provisions actually foreshadowed.

But opposition also came from a few prominent political leaders, including Charles Pasqua, a former Gaullist minister of the interior, who defied the decision of Jacques Chirac, the RPR leader, to endorse the treaty.

Mr. Pasqua, striking a populist chord with his warnings that the treaty would undermine the sovereignty of France, carried a majority of RPR voters with him and said on Sunday night that the Maastricht treaty had become a dead letter.

Valéry Giscard d'Estaing, the former president, said that other Europeans should know see that the French "are ready to construct Europe with you" and said that the vote would have been more strong-

ly favorable to the Community if it had not become enmeshed with domestic political debate. His center-right party, which has always been strongly in favor of European unity, voted overwhelmingly for the treaty.

Interior Minister Paul Quilès officially announced that a majority of voters had answered "yes" to the following question: "Do you approve of the legislation submitted to the French people by the president of the republic authorizing ratification of the Treaty on European Union?"

Border Talks Are Set By Vietnam and China
Agent France-Press
HANOI — China and Vietnam have agreed to meet soon in Beijing to try to resolve their territorial disputes, a deputy Chinese foreign minister, Xu Daxun, said here Sunday.



Jacques Delors, the EC Commission president and a 'yes' proponent, after voting Sunday in Paris.

AMERICANS ABROAD REGISTER TO VOTE NOW IT WILL SOON BE TOO LATE

UNIVERSITY DEGREE BACHELORS - MASTERS - DOCTORATE

BREITLING 1884 INSTRUMENTS FOR PROFESSIONALS

VOTE: French 'Yes' Doesn't Settle Many Accounts on Economic Union

(Continued from page 1)

"The damage has been done," said Karel van Miert, a commission member. "The Community has been drifting away and drifting apart and losing credibility to the outside world. When things start sliding, it is difficult to stop them."

To begin with, there is still the devilish problem of Denmark, which rejected the treaty in June, as well as the fresh doubts about fixed exchange rates raised in Britain and Germany by the mayhem in currency markets last week.

"A narrow 'yes' vote takes all the uncertainty and shoves it on to the Germans and the British," said Jim Rolfe, director of European economic studies at the Royal Institute of International Affairs in London.

In Britain, where Germany's central bank is widely blamed for the wave of currency speculation that swamped the pound last week, Prime Minister John Major will have an uphill fight to win ratification of the Maastricht treaty in Parliament.

In Germany, where the idea of unifying Europe has enjoyed strong support for decades, popular opinion now challenges the idea of giving up the cherished Deutsche mark for an unknown European single currency.

While many German leaders continue to support the grand project of a single European currency, some of that public doubt is beginning to creep into German boardrooms, banking circles and some opposition political clubhouses. The Bundesbank, in particular, fears that other nations, with weaker commitments to fighting inflation, might undermine economic stability.

"I have never believed, frankly, that the Ecu would become a European currency," Henry A. Kissinger, the former U.S. secretary of state, said in Washington over the weekend at the semiannual meeting of the International Monetary Fund and the World Bank. "I don't believe that leadership groups in Germany will want, in the end, to give up the D-mark."

Initial German reaction to the French vote

'Political leaders will never again be able to assume that their ideas for building a united Europe are as uncontroversial as motherhood and apple pie.'

Albert Bressand, director of Prométhée

was nervous. "It is the worst of all possible worlds in the sense that it leaves us all in limbo," said Larry Anderson, an economist at Deutsche Bank Research in London. "There's a two-speed Europe now, of that there's no doubt. The question is where it's going."

Rejection by the Danes and the intense debate in France that produced only a narrow

majority for the Maastricht treaty reflect wider popular unease throughout Europe.

"There will have to be new thinking in a number of areas," said Uffe Ellermann-Jensen, Denmark's foreign minister. "It is difficult to see us proceeding with the former ambitious plans. This will have an effect for years to come."

Perhaps the most important consequence of French approval was to deny victory to the few respected maverick politicians within the mainstream parties, who found themselves on the same side as extremists of the far left and far right.

The opponents had no common program to offer as an alternative to the Maastricht treaty, with many of them advocating little more than a retreat into anti-foreign nationalism and trade protectionism.

The vote also represents a victory for those who are determined to bind the French economy and French currency to Germany to form an inner core of the European Community. That nucleus should include the Benelux nations and perhaps others, such as Austria and Sweden, that may join the EC in the next few years. But with the French vote falling far short of an overwhelming endorsement of the treaty, there is very likely to be continual economic turbulence ahead.

"A 'no' vote on Maastricht would be dreadful," a French business executive moaned in a recent cartoon in Le Monde, capturing the mood that descended on Paris before the vote. "But a 'yes' wouldn't be much better."

in Washington, a White House official said the French vote would ensure at least short-term political and economic stability in Europe and the Atlantic alliance.

"In the very short term, it certainly creates less likelihood that there will be any chaos or turmoil either politically or economically, and it will be easier to work on a common agenda," the official said. "The vote avoids the worst fears of a 'no'."

The official, who spoke on the condition that he not be named, said that the White House intended to congratulate France and Europe "for the process of the vote," but added: "We're not going to prejudge what next steps there should be."

WORLD BRIEFS

Japanese Troops Land in Cambodia

PHNOM PENH (AP) — The first Japanese troops to be deployed overseas since World War II arrived here Sunday to join the UN peacekeeping force. The eight-officer group was the first of several hundred Japanese soldiers expected to arrive here over the next four weeks.

The eight will take posts as military observers throughout Cambodia, responsible for investigating violations of the cease-fire that ended the civil war, assuring that no foreign supplies or weapons are sent to any factions and overseeing the disarmament and demobilization of Cambodia's armed units.

Subsequent Japanese arrivals will include engineers, who have been assigned to repair National Routes 2 and 3 leading south from Phnom Penh.

Abkhazia Rebels Kill 7 Georgians

MOSCOW — Seven Georgian soldiers were killed and 14 wounded when rebel gunmen attacked a bus in the separatist region of Abkhazia, local journalists said Sunday.

They quoted local military authorities as saying that the rebels ambushed the bus Saturday night just outside the city of Gagra on the Black Sea coast. (The news agency said eight people were missing. The Georgian Embassy in Moscow said earlier that 29 people had been killed.)

Georgia's governing State Council moved troops into Abkhazia to stop what it called terrorist attacks after the region's legislature in July demanded more autonomy.

U.S. May Seek End to Haiti Sanctions

WASHINGTON (WP) — One year after the Reverend Jean-Bertrand Aristide was overthrown as president of Haiti, the United States, which spearheaded the imposition of economic sanctions in hopes of quickly reversing the coup, has adopted a far more limited strategy that could involve lifting the economic embargo that is causing the island economy.

The experience of a year has shown that the embargo was a blunt instrument, a senior U.S. official said, referring to the sanctions imposed last October by the Organization of American States. "No decisions have been made, but there is a growing feeling that the embargo has outlived its usefulness."

The official said that the Bush administration and other Western Hemisphere democracies now hope that the impasse can be broken through an agreement patched together last weekend by the Organization of American States between Father Aristide and Marc Bazin, prime minister of the military-dominated Haitian government. It calls for stationing 18 Organization observers on the island as an aid to reducing violence and human rights violations.

Fischer Now Leads Chess Match, 5-2

SVETI STEFAN, Yugoslavia (AP) — Bobby Fischer, attacking aggressively with the white pieces, defeated Boris Spassky decisively on Sunday to take a 5-2 lead in their \$5 million chess rematch.

Mr. Fischer's victory in Game 11 marked the symbolic halfway point of the match, in which the first player to take 10 games is the victor. Match rules call for a change of venue from this Montenegrin island resort to the Yugoslav capital, Belgrade, after one player has won five games. The match is to resume there after a pause of seven to 10 days.

Table with columns: White, Black, White, Black, White, Black, White, Black. Rows: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12.

For the Record

Estonians held presidential and parliamentary elections on Sunday in the Baltic republic's first such voting since it broke free from Soviet rule. The large Russian-speaking minority was barred from voting, a move that a senior Moscow official said violated international law. Preliminary results were expected early Monday. (Reuters)

TRAVEL UPDATE

Beer lovers are expected to put away more than seven million liters of Bavarian brew during the 159th annual Oktoberfest, which opened Saturday in Munich. The festival lasts for 16 days. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Belize, Malta.
TUESDAY: Mali.
WEDNESDAY: Japan.
THURSDAY: Bolivia, Dominican Republic, Guinea-Bissau.
FRIDAY: Mozambique, Rwanda.
Sources: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday. Includes maps of North America, Europe, and Asia with weather symbols and temperature forecasts.

سنة من الامل

CAMPAIGN '92 / THE PEROT FACTOR

ELECTION NOTES

Ex-Joint Chiefs Chairman Endorses Clinton

LITTLE ROCK, Arkansas — In a coup for the Democratic campaign, a former chairman of the Joint Chiefs of Staff, Admiral William J. Crowe Jr., has endorsed Bill Clinton for president. "There has been an inordinate amount of attention in this campaign paid to Governor Clinton's lack of military service," Admiral Crowe said, with the Arkansas governor nearby.

"I served in uniform for 47 years," he added. "I know and have worked with many others who didn't serve in uniform, including a number of key national security figures in the Bush administration. That fact never affected my ability to work with them or my high regard for them."

Admiral Crowe's action was a boost for Mr. Clinton, coming at a time when the Republicans were hammering him for avoiding the draft during the Vietnam War and for offering differing explanations of how he did it. (AP)

The Debate Flurry Turns to Macho Matters

ALBUQUERQUE, New Mexico — In a sharply personal effort to pressure Mr. Bush to debate him on the terms he wants, Mr. Clinton accused his opponent of posturing behind "macho talk," but running away when it came time to "go man to man."

The Democratic presidential candidate's attack was the beginning of a third phase in the jockeying over proposed presidential debates that began several weeks ago with sniping from the press secretaries on each side and moved on last week to an airing of lawyerly threatening letters from the two campaign chairmen.

On the surface, Mr. Clinton's remarks were clearly meant to continue and expand on his effort to embarrass Mr. Bush for declining to accept the first of three presidential debates outlined by the nonpartisan Commission on Presidential Debates. The first debate had set for Tuesday in East Lansing, Michigan, but Mr. Bush is declining to debate under the rules proposed by the commission.

Mr. Clinton, who accepted the commission's proposal, has said he will be in East Lansing on debate day, whether or not Mr. Bush is there. The Clinton campaign began broadcasting a radio commercial in Michigan accusing Mr. Bush of being afraid to debate the issues, and inviting listeners to call the Michigan headquarters of the Bush campaign and "tell George Bush it's time to debate." (NYT)

For Congressmen, Maxi-Jitters on the Voters

WASHINGTON — With more House incumbents having lost primary races than in any year since World War II — 19 representatives in all — members of Congress are experiencing powerful campaign jitters as they prepare to face angry voters in a year of extraordinary political uncertainty.

Public disdain for Congress — coupled with a broad movement to impose term limits — has forced many lawmakers to work harder, spend more money campaigning and make more trips to their home districts than ever as they seek to retain their seats in the House or Senate next year.

From House Speaker Thomas S. Foley, Democrat of Washington, to the most obscure backbencher, Republicans and Democrats alike said they were approaching the Nov. 3 election with increasing apprehension. (LAT)

Quote-Unquote

"It is time for Bill Clinton to give his 'Checkers' speech and tell the American people, 'I have not leveled with you.'" — Senator Bob Dole of Kansas, the Senate Republican leader. (AP)

Away From the Hustings

- Congress approved a record \$11.1 billion relief package to aid victims of two recent hurricanes, sending it on for the president's signature. Goaded by officials from Florida, Louisiana and Hawaii, House and Senate negotiators agreed to use deficit financing to provide \$6.3 billion in direct assistance and \$4.8 billion in loans. The funding also will assist victims of a typhoon in Guam.
- W. Wilson Goode, Philadelphia's first black mayor, has written a political memoir containing the revelation that he feared that racist Philadelphia police officers were planning to kill him during the fiery confrontation between the police and the radical group MOVE in 1985. Mr. Goode writes that he stayed home, out of harm's way.
- An underground explosion in an Arctic gold mine that killed nine men Friday may have been sabotage, the Royal Canadian Mounted Police said, and they are considering the deaths as murders. The mine, in Yellowknife, British Columbia, has been beset by strikes.
- A man whose 1991 Ferrari had a faulty air conditioner, malfunctioning seat belts and a leaky roof will get a \$132,805 refund in the second-highest award under Florida's "lemon law." The money for Ernie Haire 3d granted by a state arbitration panel was topped only by the \$134,500 buyback of a defective Rolls-Royce in January.
- A small earthquake hit Northern California, but there were no immediate reports of damage or injury, authorities said. The quake measured 4.5 on the Richter scale, according to the U.S. Geological Survey office in Colorado.
- After trying to avoid a public hearing scheduled to begin Monday, a Harvard psychiatrist accused of contributing to a patient's suicide submitted a letter unconditionally giving up her medical license. Massachusetts authorities accepted Margaret Bean-Bayog's offer, and the hearing was canceled.
- The top winds of a hurricane designated Bonnie dropped to 85 miles per hour (140 kph) as it slowly drifted into colder Atlantic waters far from land, forecasters in Miami said. The second hurricane in the Atlantic season was more than 500 miles east-northeast of Bermuda, drifting north-northeast.
- The Senate approved the tightening of the trade embargo against Cuba. The rider was attached to a \$27.4 billion military authorization bill by a vote of 61 to 24. (WP, NYT, AP, Reuters)

Space Shuttle Is Back Safely

CAPE CANAVERAL, Florida — The U.S. space shuttle Endeavour, ending an eight-day flight that was the National Aeronautics and Space Administration's first space mission for Japan, landed safely here Sunday.

The shuttle, its crew of seven astronauts and a menagerie circled the earth 127 times. The flight featured an array of preparatory experiments for the proposed \$30 billion U.S. space station.

The shuttle's crew included the first black woman to fly in space, it was the first time a married couple was aboard and the first time a professional Japanese astronaut had taken part in space flight.

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LOOK WHO'S PICKED UP EXCESS BAGGAGE AT SINGAPORE CHANGI AIRPORT

Favoritism Aided Quayle's Enlisting In National Guard

By Kevin Sack and Jeff Gerth

New York Times Service

INDIANAPOLIS — At a time when Republicans are stressing military records as a campaign issue, a re-examination of Vice President Dan Quayle's enlistment in the Indiana National Guard shows a pattern of favoritism and raises new questions about the fairness of the enlistment practices for the unit that saved him from the draft.

Twenty-three years ago, when thousands of young men trying to escape service in Vietnam were placed on waiting lists for the National Guard, Mr. Quayle secured a coveted spot in the Indiana National Guard because he was directed to the headquarters unit, where openings were largely unavailable to those without special connections, knowledge or qualifications.

In 1982, Mr. Quayle acknowledged that he asked a former National Guard official to help him gain entry.

But it had never been clearly established before now that his unit doled out enlistment slots to some men while turning others away — at a time when Washington had ordered all Guard units across the nation to enlist men on a first-come, first-served basis.

Mr. Quayle acknowledged for the first time Sunday that entering the National Guard was a virtual guarantee he would avoid combat in Vietnam, Reuters reported from Washington. "Obviously if you join the National Guard, you have less of a chance of going to Vietnam. I mean that goes without saying," he said on NBC television.

But Mr. Quayle denied he received any favors. "I never asked for any special treatment," he said. "There were no rules broken, no regulations broken. There were openings."

In May 1969, when Mr. Quayle was graduated from DePauw University, U.S. servicemen were dying in Southeast Asia at the rate of 39 a day. For the nearly 27 million men who came of draft age during the period, there were innumerable ways to avoid the draft, some legal, some not.

A legal way was for men of draft age to fulfill their obligation with a six-year hitch in the National Guard or reserves. Members of the Guard and reserves typically spent about six months on active duty and served the rest of their six years by attending several meetings, or one weekend, each month, and a two-week camp each summer. Only 37,000 of more than a million men in the Guard and reserves during the war were mobilized, and only 15,000 were sent to Vietnam.

Because of their relative safety, openings in the Guard and reserves were so coveted that eager young men often drove through several states, stopping at armories in town after town to place their names on waiting lists.

Just after George Bush chose him as his running mate in 1988, Mr. Quayle argued that the telephone call made on his behalf by a retired Guard general, an employee of his grandfather's newspaper, ultimately had little impact on his ability to join the Guard because his unit in Indianapolis had a number of vacancies.

That argument quickly calmed what had been a musing controversy. Mr. Quayle has been bothered by few questions about the matter since, and now he is helping to lead the Bush campaign's assault on the draft record of Governor Bill Clinton, the Democratic presidential candidate. But Mr. Quayle's explanation does not tell the whole story.

The unit in which Mr. Quayle

enlisted did not appear to be operating on a first-come, first-served basis, according to interviews with Indiana National Guard officers, enlisted men and others who were turned away by the Guard.

Several months before Mr. Quayle joined the Guard, Washington had ordered Guard units nationwide to fill vacancies from the top of the waiting list, or with the first person who applied, if there was no waiting list.

When Mr. Quayle enlisted in May 1969, the Indiana National Guard had waiting lists probably numbering in the thousands, according to officials involved with recruiting at that time.

It is impossible to know precisely how long the waiting lists were for the Indiana National Guard when Mr. Quayle enlisted on May 19, 1969. The lists were kept casually by unit commanders in each of the state's 90 units, and most of the records were destroyed years ago.

But in interviews, several former guardsmen and others who sought enlistment at the time all recalled that the lists were forbidding.

The Defense Department at that time had set strict rules to end racial discrimination in recruiting in the South and illegal trafficking in coveted Guard slots elsewhere.

More than 30 interviews and an examination of records by The New York Times found that Mr. Quayle's family connections were crucial. Without them he probably would not have found the headquarters unit and its vacancies.

Mr. Quayle's enlistment in the Indiana National Guard was a virtual guarantee he would avoid combat in Vietnam, Reuters reported from Washington. "Obviously if you join the National Guard, you have less of a chance of going to Vietnam. I mean that goes without saying," he said on NBC television.

Clinton Sought Fulbright's 'Advice' on the Draft

By Roberto Suro

New York Times Service

FAYETTEVILLE, Arkansas — Bill Clinton's campaign organization has acknowledged that the Democratic presidential nominee discussed options to the draft with Senator J. William Fulbright's office in 1969, when Mr. Clinton was seeking a spot in the University of Arkansas Reserve Officers' Training Corps to avoid being drafted.

The question of what constitutes help is murky and that has become a long and tortured debate on just what Mr. Clinton did or did not do to avoid being drafted during the Vietnam War.

Clinton campaign officials say a measure of assistance was given to Mr. Clinton by his close friend and former boss, Lee Williams, who was then Mr. Fulbright's top aide. But they say this assistance was limited to providing Mr. Clinton with advice.

But others, including the two army officers who ran the ROTC program in Arkansas, say that Mr. Fulbright's office called them seeking to know what could be done to help Mr. Clinton get into the program and thus keep him out of the draft.

Asked whether Mr. Clinton had gone to Mr. Fulbright's office for help in entering the ROTC, Dee Des Myers, Mr. Clinton's spokesman, said Mr. Clinton had "talked to the Fulbright people about what his options were and asked them to help him ascertain those options, but he didn't ask anyone to influence anyone on his behalf."

"This is what senatorial offices do," she added. "That's what taxpayers pay them to do."

Mr. Fulbright said that he did not remember being approached by Mr. Clinton, one of his former interns, on the draft or any similar subject. The Associated Press reported from Washington, Mr. Fulbright, a fierce critic of the war,

Some Perot Backers Find Hope Again

By E.J. Dionne Jr. and Richard Morin

Washington Post Service

PHOENIX, Arizona — When Ross Perot shut down his presidential candidacy in July, Yoli Perri felt "betrayed." Bob Lewis was "devastated, speechless," and Pamela Lopez wondered, "Gee, maybe he wasn't the guy I thought he was."

But they said they were ready to vote for him in November if he became an active candidate. Their willingness, they said, was not only a statement about him but an indictment of George Bush, Bill Clinton and the presidential campaign.

These three were among eight Phoenix-area Perot supporters who talked with The Washington Post in July about presidential politics. The other day they sat down again to discuss political developments since Mr. Perot's withdrawal.

The latest session here was almost all bad news for President Bush, whose convention was, in the eyes of these people, a disaster.

One of the eight, David Ireland, 49, the assistant director of the county's social services agency, said the Republicans believed that "if they say 'family values' enough times, everyone is going to say, 'Ow — that is what we need, family values.' The unemployed, they are out there somewhere floating."

Mr. Ireland and Lois Crowell, 60, had hoped that Mr. Bush would have persuaded them to vote for him by now. Instead, he has only persuaded them to pre-

fer Mr. Clinton, albeit with great reluctance.

Mrs. Crowell said she was "so disappointed" with the Republican convention "because they didn't really set forth any program that would motivate me to say, 'Well, they may have something better to offer than the Democrats.'"

The good news for the Arkansas governor is that, for now, all eight voters in the group preferred him to Mr. Bush. In 1988, six of them voted for Mr. Bush.

The bad news for the Democratic nominee is that he has not yet closed the sale. He has failed to solidify his support by easing voters' worries about his character.

Most in the group rejected the importance of Mr. Clinton's draft record as a campaign issue. But Mr. Ireland said that the way that Mr. Clinton had handled questions about it raised more serious questions.

As an inactive candidate — simply a name on the ballot — Mr. Perot would siphon off at least one and as many as three votes from Mr. Clinton in this discussion group.

If Mr. Perot were to run in earnest, seven of the eight said they were likely to vote for him, despite their harsh words about his decision in July to suspend his independent presidential campaign.

For the most ardent Perot enthusiasts, there was little fear that a vote for him would be "wasted" or might allow Mr. Bush to win. Sending a message and shaking up "the system" might be enough, they said.

Mr. Ireland and Lois Crowell, 60, had hoped that Mr. Bush would have persuaded them to vote for him by now. Instead, he has only persuaded them to pre-



Ross Perot, discussing the U.S. economy in a TV interview.

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Herald Tribune

For a New Blue Army

A news bulletin like this could flash around the world tomorrow, next week, anytime. PHNOM PENH — Thousands of United Nations peacekeepers came under rocket fire today as Khmer Rouge forces ended a year-old cease-fire agreement. Heavy casualties are expected unless foreign help can be deployed quickly in remote jungle areas. Or perhaps the news would take this slant: BAKU, Azerbaijan — Travelers gave accounts today of ethnic massacres in an adjoining republic in former Soviet Asia where communication links were severed following an earthquake that forced thousands to flee devastated cities. Such violent eruptions in a world freed from Cold War constraints are no longer unusual but routine. And failure to act swiftly against violence and calamity means that death quickly becomes routine. Consider what has already happened in Bosnia — and may happen soon in Somalia. As a new UN General Assembly begins its biggest week, the world can finally get serious about the most promising way to contain chaos and combat death — a new blue army. With a force capable of responding quickly, the United Nations could save lives, check refugee tides and discourage warlords. In the world, as on a city street, the mere presence of a cop on the beat matters. Yet neither the United States nor Russia wants to be a global cop, and the United Nations has neither means nor mandate for that role. That is why the 15 heads of state at the Security Council summit meeting in January and the secretary-general to recommend ways of preventing and stopping wars. In June, Boutros Boutros Ghali came with a superb report, "An Agenda for Peace," urging UN members to earmark \$1 billion for the Security Council to fund a force of 48 hours to keep the

Blaming the Victims

With racial tension in reunified Germany now spilling out into sustained violence against refugees and other foreigners, there may be no simple way to defuse the problems posed by refugee influx and financial strain. But it is possible for officials to take steps that worsen the tension. This, unfortunately, is what the German government has now done in announcing it will deport the vast majority of would-be Gypsy refugees back to Romania beginning on Nov. 1. The policy, reached by intensive negotiations with the Romanian government, is expected to remove about 70 percent of all Gypsies entering Germany. It follows a series of confused attempts by the Kohl government to get a handle on the influx of refugees and tighten the constitutional provisions on asylum. Meanwhile, though, the law enforcement response to rising racist violence has lagged. The court system, relatively minor sentences of two and four years, for the murder of an African "guest worker" in 1990 — though Chancellor Helmut Kohl and others had urged heavier sentences. The combination tacitly reinforces exactly the wrong notion: that the violence is somehow caused by foreigners' presence rather than by criminals. Germany has acknowledged special responsibility to shelter Gypsies, since the Nazis slaughtered half a million of them. They form only 15 percent or so of asylum seekers but have been major targets of the almost nightly outbreaks of violence by neo-Nazi thugs. But there is broader

What Bush Knew ...

What did George Bush know about the Iran-contra affair and when did he know it? The answers turn out to be a lot, and early. Mr. Bush plausibly denies being "in the loop" of the arms-for-hostage Iranian operation on the illicit supply of rebels in Nicaragua. But at least in general, he knew about those colossal follies, and it appears, did nothing to stop them. Even after six years of investigation, the information remains maddeningly incomplete. But with the independent counsel, Lawrence Walsh, winding down his work, there is nonetheless enough information available to pass judgment on some basic points about this monumental crisis in constitutional government. How could Vice President Bush not have known about the Iran-contra affair? How could this man, grooming himself for the presidency and proof of his readiness, have failed to understand that the White House was lunging to pay ransom to terrorists? And how could Mr. Bush, especially as a former intelligence chief, have failed to notice signs of illicit aid to the Nicaraguan rebels? It is plausible that those off-the-books entrepreneurs, Oliver North on the National Security Council staff, and William Casey at the CIA, kept Mr. Bush out of their information loop. But there are many ways for a skilled vice president to stay plugged in, and there is reason to believe that Mr. Bush did so. The latest example is a memorandum registering a complaint by former Secretary of Defense Caspar Weinberger to for-

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The French Aside, Maastricht Was Already Tumbling

By Josef Joffe

MUNICH — It hardly matters whether the French voted "oui" or "non" on the Maastricht agreement, grandiloquently titled the Treaty on European Union. For its key provisions had already been sunk — blown out of the water by the nasty realities of politics among nations. The U.S. Constitution originally had seven articles, strewn across a few pages, to underpin "a more perfect union." The Maastricht treaty fills some 250 pages. But you do not have to wade through hundreds of titles and protocols to get the gist. It is right there on

The handwriting has been on the wall all year, and on Wednesday the wall collapsed.

the first two pages, spelled out in the triple pledge to go for a "single currency" and for a common foreign and security policy. The handwriting has been on the wall all year, and on Wednesday the wall collapsed as if somebody had driven a car full of explosives into it. The European Monetary System went into shock that day when Britain and Italy pulled out after a long, hapless attempt to defend the pound and the lira against devaluation. What is wrong with devaluation? you might ask; after all, the dollar has been on a roller-coaster for years. That is like asking, "What's wrong with a little blasphemy in a revival meeting?" For, in theory at least, devaluation would trespass against the spirit of Europe.

The whole idea of the European Monetary System as a trial run for a single currency in a revival of fixed exchange rates. But currencies can stay together only if their masters adhere to the same standards of fiscal and monetary policy. Except that political leaders genuflect before different altars. They look at their unemployment rates — and then at their electoral calendars. Consequently, they will always try to wiggle out of the jacket, going for the least painful policy that will remain, then break, the monetary bond.

So why did the European-monetary mess stay around for so long? For one thing, until five years ago the dictatorship of virtue was regularly relieved by a brush with sin. There were lots of realignments and so everybody could stay on the wagon precisely because he could take an intermittent swig from the bottle. But after 1987 currencies turned into Maastricht lines — to be defended at all cost and against all odds. Hence the time bomb began to tick. The second reason was more profound: German reunification in 1990. That was like putting the jumble in charge of the cocaine supply. Originally, those stern-faced governors of the Bundesbank were to play the martinet. They would keep their own government in line and, by yanking the fixed-parity chain, force the spendthrifts elsewhere to shape up or suffer the ultimate humiliation of devaluation.

That was yesterday. The reunification bill now runs at \$130 billion a year. But in Bonn, Chancellor Helmut Kohl chose George Bush as a role model: no new taxes. The result was massive deficit spending, massive borrowing and a nasty bout of inflation. So those gentlemen from the Bundesbank stepped in like programmed robots, lending interest rates into the sky and signing the fuse on the European Monetary System. In such moments, money not only talks, it also screams, demanding out the only solution: a complete restructuring of government. Money is the lifeblood of a nation; it can be read in its money — and then judged with cold-blooded efficiency by the world's financiers. That is the most immediate message out of Europe's currency turmoil, which drove the British pound and Italian lira out of the European Monetary System, forced a devaluation of the Spanish peseta and sent interest rates sharply upward elsewhere in Europe in the space of 48 hours. In such moments, money not only talks, it also screams, demanding out the only solution: a complete restructuring of government. Money is the lifeblood of a nation; it can be read in its money — and then judged with cold-blooded efficiency by the world's financiers. That is the most immediate message out of Europe's currency turmoil, which drove the British pound and Italian lira out of the European Monetary System, forced a devaluation of the Spanish peseta and sent interest rates sharply upward elsewhere in Europe in the space of 48 hours.

Nor should this come as a surprise. For 40 years history was suspended. The Cold War acted as a great disciplinarian and the two superpowers, the United States and Soviet Union, always stood ready to crack the whip of bloc discipline. Moreover, the strongest power in Europe, Germany, is no longer a shackled Gulliver. It has shed its old dependencies without acquiring the habits of benign leadership. The explosion of the European Monetary System is instructive. What was logical for the Bundesbank — to fight fiscal irresponsibility with punishing interest rates — was a disaster for everybody else. But leadership requires more than navel-gazing or a policy that stiff-arms Europe to Germany unity. To lead is to look out for others, too. Hence the perilous referendum debate in France, where the proponents of Maastricht fell back on arguments that could hardly reassure their German brethren: that union was the only chance of resubjecting Gulliver-on-Rhine. Where does Europe go from here? The diagnosis is all too clear. The disease is reationalization — with a vengeance in the East and on cats' feet in the West. The threat is not war. But the metaphors have be-

come military ones, which is a nice way to stoke the fires of nationalism. During the currency cataclysm the Italian press was fond of such epithets as "Dunkirk" and "Alamo." And the British press wrote as if "Wilhelm" Kohl had just dispatched his dreadnoughts to Albania. Perhaps the shock of the First Geldberg will teach the Europeans a salutary lesson. Do not overreach; aim lower so as to score higher. Europe is not ready for a "more perfect union." But the Single Market — providing for the untrammeled flow of goods, people and capital — agreed on before Maastricht will become reality on Jan. 1; French voters were not going to change that. And the demise of the European Monetary System might actually be a blessing in disguise. For it will provide enough monetary freedom to cushion the shocks of "Big Bang '93" when the Single Market kicks in. The Europeans have seen the future; let us hope they don't like it. Like Dr. Spinoza in "Portnoy's Complaint," they ought to say: "So. Now we may perhaps to begin. Yes?" With a new, more modest agenda.

Money's Message to Europe: Look Hard in the Mirror

By Jim Hoagland

PARIS — Europe's currency crisis puts Britain's capable prime minister, John Major, and other European leaders in front of this suddenly unpleasant reality: Money does more than serve as an economic unit of account in modern societies. Money sells individuals and nations the truth about themselves — even when they don't want to hear it. A currency may not be able to express the character or personality of a nation, as Charles de Gaulle believed. (Germany's obsession with the value of the Deutsche mark reflects a similar attachment to money's metaphysical properties.) But a currency does express a nation's faith in its modern society. Money sells individuals and nations the truth about themselves — even when they don't want to hear it. A currency may not be able to express the character or personality of a nation, as Charles de Gaulle believed. (Germany's obsession with the value of the Deutsche mark reflects a similar attachment to money's metaphysical properties.) 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OPINION

Yugoslavia: Before Sending Troops, Marshal the Arguments

By Henry Kissinger

NEW YORK — It seems only yesterday that conventional wisdom was declaring nationalism "outdated," the integration of nations inevitable, and another European war inconceivable. Yet all these impossibilities are taking place in Yugoslavia.

The foreign policy of every Western democracy lacks a precedent for dealing with the situation in Yugoslavia. The standard American debate between giving priority to security and emphasizing human rights do not really fit the situation in Yugoslavia.

Security would require military intervention if inaction set a precedent that adversely affected long-term American interests, or if I would weaken American security directly. Neither condition is met in Yugoslavia.

Precedent applies mostly to regions like the former Soviet Union or Africa, where the West has no intention or capacity to intervene militarily. As for traditional security, no NATO nation feels itself threatened enough by events within Yugoslavia to be willing to undertake ground action here.

I have great sympathy for the proposition that the consciences of democratic societies require some stand regarding the Bosnian brutality. But implementation requires careful analysis.

Three conceivable goals exist: 1) imposing peace and restoring the pre-civil war borders (each republic); 2) putting an end to human rights abuses, especially "ethnic cleansing"; 3) preventing a new round of hostilities in such areas as Kosovo that could lead to international war.

The restoration of prewar borders would require a large expeditionary force prepared to remain indefinitely and to accept serious casualties. No nation capable of affecting Serbian calculations is prepared to undertake this.

Putting an end to "ethnic cleansing" and concentration camps should be the moral objective; preventing an escalation of terrorism beyond the borders of Yugoslavia is the political goal. This task is difficult enough under the best of circumstances.

Up to now, the democracies' failure to understand the special conditions of Yugoslavia has enabled the Serbian leaders to create one fait accompli after another.

Yugoslavia has always been a largely artificial entity, united only by a super-imposed common language and by the reciprocal hatred of its ethnic groups.

When Nazi Germany brought pressure on Yugoslavia in 1940 to facilitate the German invasion of Greece, the largely Serbian general staff revolted in refusal. The Nazis took a terrible revenge, defeating Yugoslavia in less than a week, while much of the population of Croatia greeted the Germans as liberators.

As soon as Croatia declared independence, Serbia occupied one-third of what had been Croatia,

driving out the indigenous population. The UN cease-fire, negotiated with vast skill by Cyrus Vance, nevertheless had the practical effect of confirming Serbia's conquest. Though theoretically entitled to do so, no Croat would return to territory technically UN-controlled but in fact still dominated by Serbs.

But Mr. Vance's remarkable negotiation saved thousands of lives and, perhaps more crucially for the future, established a vital precedent. The limit of UN control has established a dividing line across which further Serbian advances can be resisted by the international community if the will for it exists.

In short, some political demarcation in Bosnia and elsewhere is the precondition for outside intervention, political or otherwise.

All this was but a prelude to the nightmare awaiting in Bosnia-Herzegovina. Having delayed too long to recognize Croatia and Slovenia, thereby creating a gray area for Serbian intervention, the international community now rushed to the recognition of Bosnia-Herzegovina.

But Croatia and Slovenia were ethnically definable territories; recognizing them — even after the Serbian invasion — created a precondition for demarcation lines along ethnic boundaries.

Bosnia's nationality, on the other hand, was the invention of international lawyers. The republic is an ethnic potpourri. After the Croatian experience, it should have been predictable that recognition of Bosnia would trigger another round of Greater Serbian "ethnic cleansing."

And the Croatian part of the Bosnian population was highly ambivalent. To forestall Serbian occupation of all of Bosnia, it formally supported independence. In fact, it preferred partition between Serbs and Croats, leaving a small Muslim enclave.

Tripartite partition was never seriously considered, allegedly because the populations were too mixed together. But the proclamation of Bosnian independence produced the anomaly that the international community was inviting Croats and Serbs, who had just refused to live together in relatively large Yugoslavia, to live together in tiny Bosnia, along with the Muslims, yet another unassimilable minority. Civil war was inevitable.

In retrospect, a determined international community should have tried, before recognizing, to establish a UN Trusteeship for Bosnia. A checkerboard cantonal arrangement might have been sought with large areas of self-government for the various communities. Such an arrangement could have established ground rules in the name of which "ethnic cleansing" might have been resisted.

Possibly the various nationalities would have been more willing to coexist if the issue of ultimate sovereignty had been left in abeyance.

But there was a missing ingredient: the pressures the international community would be prepared to employ. Periodically, the warring Yugoslav parties are called to meet in international forums — now by the European Community, now by the United Nations. Nothing has ever come of these meetings

because Slobodan Milosevic, the Serbian president, knows there are no penalties for noncompliance.

The new negotiation between the parties conducted by Mr. Vance and David Owen, former British foreign secretary, has the best conceivable leadership. But the problem must not be dumped on the shoulders of the negotiators and even less on the intractable parties.

Those nations willing to act, be they UN, NATO or EC members, should put forward a political program. If they are unwilling to do this much, there is no basis for any serious negotiation, let alone for military intervention.

The program for Bosnia should have three components: UN trusteeship, cantonalization and placing all detention camps, of whatever party, under immediate international supervision.

Since these goals will never be accomplished without pressure, the cooperating nations should give a deadline, say 30 days, after which they would lift their arms embargo against any former Yugoslav republic cooperating with their proposal, including Bosnia.

Simultaneously, the economic sanctions against Serbia should be tightened. Severe economic penalties should be organized against those of Serbia's neighbors helping it to evade UN sanctions. Nothing less will convince the parties that the outside world means business.

There is much idle talk about military intervention in Bosnia. There is next to no basis for it. Within Bosnia the actual

military contest is nearly over. To reverse the situation, major ground force would be required. Every NATO leader, without exception, has assessed ground operations as being too costly. Nor has any outsider ever managed fully to conquer the area, especially once Serbia was militarily involved.

What is most needed is a coherent program to multiply political and economic pressures, and to increase the cost to Serbia of continued warfare by removing the arms embargo against victims of Serbian aggression.

There exists, however, a danger not yet overtaken by events for which the preparation of some military response seems essential. The democracies must not miss the boat a third time in areas where "ethnic cleansing" has not yet begun. Kosovo is the most critical. It is perceived by Serbia as the origin of its national and poetic history, though its inhabitants today are mostly Albanian Muslims.

If "ethnic cleansing" were to start in Kosovo, the risks of its becoming international would be grave. Albania has a common border with its compatriots in Kosovo. Turkey is not likely to permit another round of "ethnic cleansing" of Muslims without injecting military assistance. Bulgaria and Greece could become involved, as in previous Balkan wars.

Serbia must be given to understand that the world will not tolerate a Balkan war over Kosovo, and that an attempt to repeat the pattern of Croatia and Bosnia will make international retaliation against Serbia itself unavoidable. The

only way such a threat will be believed is if the United Nations insists on an autonomous status for Kosovo and organizes a joint air and naval command charged with developing rules of engagement and command structures.

But if we want to avoid being faced down again, it is important that a coherent strategy be developed first. The haphazard round of ad hoc conferences needs to be replaced; military measures

— if used at all — must be related to agreed political principles. It is dangerous to talk of one-shot bombing raids or of attacking specific targets like bridges or munitions plants unless one knows how far one will go. Otherwise, one runs a grave risk of fulfilling Bismarck's warning: "Woe to the statesman whose arguments at the end of a war are not as persuasive as they were at the beginning."

Los Angeles Times Syndicate.



Those nations willing to act should put forward a political program. If they are unwilling to do this much, there is no basis for negotiation, let alone for military intervention.

'Born Bad'? Seeking the Mysterious Fork in the Road

By Anna Quindlen

TO THIS day, I have no idea what I did for my two boys that was constructive and useful and right and good, and what damaged them, none.

On the morning of June 13, 1983, Karla Faye Tucker, age 23, helped murder two people. There was a pickax involved. That is what people in Texas

remember, that the bodies of Deborah Ruth Thornton and Jerry Lynn Dean were full of pickax holes. That, and the fact that Karla Faye said she got sexual satisfaction every time she swung the pickax. It is not the kind of detail you forget.

Karla Faye is on death row now, awaiting execution by injection, and she never tries to make excuses for what she did, or to say she didn't do it. The extraordinary Beverly Lowry has written about the case in a novel titled "Crossed Over," that a novelist named Beverly Lowry has written about the case is not about innocence. It is about redemption, about how one messed up little girl — "a Gopher at 8, a needle freak behind heroin by the time she was 11" — went straight. Just in time to die.

There is no mystery, really, in Karla Faye's fall, not when you know her slide. Her mother, a prostitute, passed clients to her sister, who passed them to Karla. "My mother and I were really close," she says. "We used to share drugs like lipstick." In the beginning they were a middle-class family, with a little vacation house and a boat. Somehow it all unraveled.

No, the central conundrum of the book is not Karla Faye but Peter, Ms. Lowry's own child, whose death at age 18 in an unsolved hit-and-run accident somehow led his mother to seek out the pickax murderer. Karla Faye led the kind of life you associate with sleeping on strange sofas and an early berth in the morgue. And Peter had the kind of life you associate with college and marriage and a house with a yard.

But like Karla Faye, like the kids you meet in the projects and some of the kids you meet in private schools, too, Peter crossed over and started to go bad. Not bad like Karla Faye, turning tricks in a motel in West Texas a week of every month and skin-popping because she liked the feel of the needle going in. Just bad enough so that his mother thought that "maybe there is such a thing as born bad." Just bad enough so that she began to turn over, like a lemon drop sour in her mouth, a parent's deepest fear — that success is random, that we have no idea what we do that works and what does not.

I met a woman in a guns-and-drugs housing project once who told me her son was a sophomore in college. "How did you do it?" I asked, and she shrugged. "I got another one upstate," she answered. One in college, one in prison. The luck of the draw.

On death row Karla Faye was clean for the first time since she was a little girl: no heroin, no acid, no pills. She found God, took up aerobics and crocheting, got her high school diploma and began college correspondence courses. "I wondered if you had to go to jail to get calm again," writes Ms. Lowry. From darkness to hope, she says. And implied are her memories of Peter: from hope to darkness.

The prosecutor who once considered Karla Faye Tucker the "personification of evil" says she is a new person, lovable, valuable. Even the brother of one of the victims says he hopes she does not die. There are two Karla Faye Tuckers in this book. One is foul-mouthed, wild, high as a kite and tough as cowboy boots. The other is sweet, deeply religious, empathetic and open as a cup.

One may die for what the other did. The case is a wonderful argument for the rehabilitative function of prisons, and against the death penalty. But the story of Karla Faye, and of Peter, too, is about something infinitely more important and mysterious — that fork in the road, visible only in hindsight, at which some go south and others go on.

"How would you feel," Karla Faye Tucker asks Ms. Lowry from the other side of the Plexiglas in the visitor's room, "if they found the driver of the truck that killed Peter and there was a trial and he's changed, he's a new person now. See how good he is? How would you feel?"

"I don't know," Peter's mother finally replies. "I hope I would be generous. I'd like to think I'd be kind. But I have to tell you, I don't know."

The New York Times.



Photograph shows Dunhill Millennium Sports watch with the ideal accessory... a classic English sports car. Only one other watch could complete the picture so perfectly.

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The Times, London. 2nd April 1992.

ALFRED DUNHILL

Nationalist Ring in a Budapest Broadside

New York Times Service
BUDAPEST—A leader of the center-right governing party has touched off a storm with a report asserting that the political opposition, liberals, Jews, Western financiers and the press are sabotaging the government's work.

The political leader, Istvan Csaruka, a vice president of the Democratic Forum, published his analysis last month in the party weekly. The 57-year-old playwright was one of Hungary's most popular writers in the 1970s and '80s and an important figure in the opposition in the Communist era.

Mr. Csaruka cited instances of what he considered Jewish and foreign influence over Hungarian affairs, deception by opposition members and wavering by his own party.

Referring to the Communist elite that formerly ruled, he said, "Consensus is the nomenklatura's newest slogan to stay in power."

Many Hungarians interpreted a reference to "genetic reasons for deterioration" of the coun-

try as an allusion to Gypsies, but Mr. Csaruka denied this.

Some members of Mr. Csaruka's own party condemned his work, with one member likening its message to Nazi ideology.

Prime Minister Jozsef Antall, who is also president of the Democratic Forum, told parliament that he had to distance himself from some ideas in the publication.

"Istvan Csaruka's political pamphlet," he said, "offers politically harmful and wrong answers, with which neither the government nor I can agree."

He singled out Mr. Csaruka's comparison of the International Monetary Fund's presence in Hungary to the postwar Soviet Army presence.

Opposition members were more blunt.

"Forces within the governing party who want to take the country in the direction of Balkan chaos have begun to dictate," Laszlo Kovar, a member of the Federation of Young Democrats, told parliament.

No one can say how much support Mr. Csaruka has in his party. The Forum is to hold a congress in November to determine its course, and until then Mr. Csaruka and his rivals will be seeking support.

While there does not appear to be much popular support for the far-right in Hungary now, commentators have said the Csaruka study hit a chord of anger in society, appealing in particular to embittered, poor, elderly Hungarians who feel they have gained nothing from the end of communism but rising prices.

Others said it also reached out to the middle class, especially those who feel they have been denied economic opportunity and are sinking into poverty.

"A lot of people are dissatisfied, because we had promised that they would live better, not that only those who had previously collected the capital could become entrepreneurs," said Istvan Elk, a member of the Democratic Forum's liberal wing.

Extremists Firebomb The Police In Germany

The Associated Press
BERLIN—Several hundred extremists threw rocks and firebombs at the police guarding a home for refugees in the northern German city of Wismar, the authorities said Sunday. It was the sixth consecutive night of disturbances there.

The police said that attacks on homes for asylum-seekers were reported in a dozen other cities in Eastern and Western Germany over the weekend.

In Seiftenberg, 100 kilometers (60 miles) southeast of Berlin, 80 rightist radicals attacked the police station there with stones and firebombs late Saturday. Seven people were taken into custody.

The federal government has said it will increase police presence in the economically struggling eastern part of the country to quell the violence, now in its fifth week.

Interior Minister Rudolf Seiters will seek a legal change that would force asylum-seekers whose applications are denied to leave the country before appealing the decision, a spokesman said Sunday.

Authorities say the refugee home in Wismar, a Baltic coast city, has become the latest focal point for rightist violence. Extremists there battled with about 200 police officers as they tried to arrest the refugees home late Saturday.

Chancellor Helmut Kohl condemned attacks on refugees, saying Saturday that such violence was a "disgrace for our country."

The government's new plans to confront the attackers include sending more members of the German border patrol to help local police departments, said a spokesman, Roland Bachmayer.

The measures also include establishing a hot line for reporting neo-Nazi attacks and speeding up trials for accused attackers.

In Berlin and in Saarbrücken, near the French border, hundreds of demonstrators took to the streets Saturday to show their support for foreigners.

Meanwhile, a Frankfurt real estate developer, Ignatz Bubis, on Sunday was elected head of the Central Council of Jews in Germany, the nation's main Jewish organization. He said his first goal was to stop the rightist violence.

Mr. Bubis said he would also give priority to helping 15,000 Jews who recently arrived in Germany from Eastern Europe.

Mr. Bubis, 65, who was born in what is now Wrocław, Poland, is a survivor of Nazi labor camps.

AMERICAN TOPICS

Before Decanting, Tips on Demystifying

Tips on buying wine are offered by Frank J. Prial, wine columnist for The New York Times:

- "Never buy a case until you've tried a bottle," because "a salesman's pitch or an advertisement—even a friend's enthusiasm—can never replace your own judgment."
- "Never shop on Saturday," when "any good wine shop is a madhouse."
- "Not all wine clerks are experts."
- "Suspect bargains," because "the wine may have been frozen on a loading pier or forgotten in a sweltering warehouse."
- "Price is rarely a measure of quality," and "\$7 is always better than an indifferent Burgundy at \$12."
- "Never panic-shop for wine," because "you might pay too much just to be safe and find yourself saying, lamely, 'The fellow in the store said we'd love this.'"
- "There is very little bad wine." Indeed, "all wine is better than it was 25 years ago, even at the lower prices."
- "Always buy enough," because "guests drink much more wine at dinner than you might suspect."
- "Be on guard against caterers," because "catered affairs are notorious for being the dumping grounds for otherwise unsellable wine."
- "Likewise mail-order wine," because a reliable wine shop can

often offer better bargains than the glossiest brochure.

About People

When a U.S. senator dies, his widow is often named to replace him temporarily. Jocelyne Burdick, wife of Quentin N. Burdick, has been appointed by Governor George Sinner of North Dakota to replace her husband until a new election can be held. Mr. Burdick, a liberal Democrat, died Sept. 8 at 84. Mrs. Burdick, 70, has no political experience and is not expected to run for the remaining two years of the six-year term when a special election is held Dec. 7.

Short Takes

Navajo Indian veterans who baffled the Japanese during World War II with an intricate code crafted from their native language were honored last week at 50th anniversary ceremonies in Scottsdale, Arizona. Early in the war, after the Japanese had broken several other U.S. codes, Marine officials asked Navajo servicemen to invent a voice code based on their language for close-quarters operations like artillery spotting. Navajo has no words for modern armaments, so plants and animals were substituted. Grenades became potatoes, bombs were eggs. The Japanese never broke the code.

Insurance payments for Hurricane Andrew, which devastated South Florida last month, are likely to climb above \$8 billion. The New York Times reports, but insurance companies are expected to take it in stride. The New York Times reports, but insurance companies are expected to take it in stride. The New York Times reports, but insurance companies are expected to take it in stride.

Raising children far apart in age is a growing trend among parents. Although most children are spaced two to four years apart, families with gaps of seven or even 20 years between successive siblings are becoming more common, says Dr. Tony Junich, professor of marriage and family therapy at Kansas State University. It has to do with the increasing rate of remarriage between people who already have children and decide to have another child together. That changes child-rearing patterns. Brothers and sisters far apart in age neither squabble nor hound around. An adolescent won't pull the baby's hair but may resent having to turn down old TV set when the newborn is napping. Finding a video tape that appeals to both toddler and teenag is difficult, as is resisting the temptation to turn the teenager into an automatic babysitter. On the other hand, one woman said, "Having a little brother around seems to make my older sis want to come home more."

Whatever happened to four-month-old language a dinner parties and other formal events, which was almost a *rigueur* in the 1970s? Henry Allen of The Washington Post theorizes that these days foul language has lost the power to shock and seems merely coarse and old-fashioned. "The conceit of the 1970s was in print, there's no gag back. There is, of course—the Victorian even censured the Bible and Shakespeare."

Arthur Figbee

Senate Votes Troop Cut in Europe

WASHINGTON—The Senate has voted to cut U.S. forces in Europe to 100,000 by Sept. 30, 1994, but not go below the present target of 150,000 until a year before that.

It added the cut to a \$274 billion defense authorization bill by voice vote.

Senator Sam Nunn of Georgia,

chairman of the Armed Services Committee, said U.S. forces are already being reduced in Europe as fast as they can be in an orderly way to reach the 150,000 target by Oct. 1, 1995.

But he said Congress should set the goal of 100,000 U.S. troops in Europe a year after that in line with other U.S. force cuts, though he

said the goal could be adjusted any time between now and then.

Senator Nunn said 100,000 U.S. troops could carry on most of the present U.S. role in NATO, including maintaining headquarters staffs, the 6th Fleet in the Mediterranean and air and land combat units.

He said the major role that 100,000 troops could no longer carry on is to maintain in Europe a full U.S. Army corps with all the units needed to fight a war.

Scotland Yard Replaces Anti-Terrorist Leader

LONDON—Commander George Churchill-Coleman, the head of Scotland Yard's anti-terrorist branch for the last seven years, is to be replaced, it was announced Sunday.

The Metropolitan police commissioner, Sir Peter Imbert, said in a statement that Commander Churchill-Coleman would be replaced by Commander David Tucker, currently head of the force's criminal intelligence branch.

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Solution to Puzzle of Sept. 18

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 READ ABACI UNTO
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 ERIN MELBE SALE
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- DOWN**
- 1—but not out
 - 2 Operatic prince
 - 3 Columnist
 - 4 Colong, e.g.
 - 5 Oppose
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- 21 Go up
- 22 Thought
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- 24 Aficionado
- 25 Chin
- 26 Two-by-two vessel

Roger Wagner, Choral Director, Dies

Los Angeles Times Service
 Roger Wagner, 78, one of the dominant figures in American choral music, died of cancer Thursday in his native France.

In the mid-1940s, Mr. Wagner—then a church organist and choir director—took a handful of Los Angeles singers and shaped them into the Roger Wagner Chorale. For years, the group toured extensively in the United States, made recordings and sang in Europe and Latin America.

With the opening of the Music Center of Los Angeles County two decades later, Mr. Wagner cofounded the larger Los Angeles Master Chorale. It became the resident chorale of the new arts complex, performing with the Los Angeles Philharmonic Orchestra and presenting its own concerts.

He was born in Le Puy, France, and was introduced to music at an early age by his father, who was organist of the cathedral in Dijon. His family went to Los Angeles when he was 7.

Sir Geraint Evans, 70, Noted Operatic Baritone
 LONDON (Reuters)—Sir Geraint Evans, 70, one of Britain's leading opera singers, died early Sunday in Bronlais Hospital in Wales, where he was admitted more than a week ago after a heart attack. The Welsh baritone made his debut at London's Covent Garden in 1948 and won international acclaim during a long career.

He specialized in comic and character parts and was perhaps best known for his portrayals of

Falstaff in Verdi's opera of that name. He was knighted in 1969.

Otis S. Freeman, 71, TV Engineering Innovator
 NEW YORK (NYT)—Otis S. Freeman, 71, an innovator in television engineering who speeded development of the superimposed letters and graphics, died Thursday in Anderson, South Carolina, where he lived. He had had a heart attack recently.

Mr. Freeman was the chief engineer at WPIX television in New York City for 30 years before being made head of engineering for the parent Tribune Broadcasting Co. in 1983. He won awards from the National Association of Broadcasters and the New York chapter of the National Academy of Television Arts and Sciences.

An elderly couple left Los Angeles on a surprise visit to their children, who had taken root in various cities around the globe.

They arrived in Tokyo to find their youngest daughter had just left on a business trip to Singapore. We got them on the next flight out, but they arrived at Singapore immigration without their tickets and passports, which they had left on their plane that was due to take off for London. We rescued their travel documents just in time, and they dashed off to the reunion with their daughter.

In Madrid, the grandchildren wouldn't let them leave, and they fell in love with the Paris of their honeymoon, dallying too long and missing their flight to London. We got them on another flight within the hour, and they had such a good time they're planning to do it all again next year.

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Sadako Ogata showing Radovan Karadzic, leader of Bosnia's Serbs, where to sign the safe-flight pact.

UN Acts to Expel Belgrade Regime

By Paul Lewis
New York Times Service
UNITED NATIONS, New York — In an effort to force the Belgrade government to cooperate with efforts to end the civil war in the Balkans, the Security Council has taken the first step toward effectively expelling the truncated Yugoslav state from the General Assembly.

By a vote of 12 to 0, the council ruled that Belgrade's representative cannot continue to sit in the seat of the former Yugoslav federation at the General Assembly session this year, which opened last week. China, India and Zimbabwe abstained. Instead, the federation of Serbia and Montenegro, which still calls itself Yugoslavia, must reapply for UN membership as a new country, as have the other republics that emerged from the disintegration of Yugoslavia.

The council called on the General Assembly to complete Belgrade's expulsion by taking a similar step this week.

This action appears certain to follow.

To be readmitted to the General Assembly, the Belgrade government of President Slobodan Milosevic and Prime Minister Milan Panic must first obtain the approval of the Security Council and then that of the General Assembly.

That procedure means that the United States, Britain and France can use their Security Council vetoes to block Belgrade's return to international legitimacy until they are satisfied that it is cooperating with the peace talks under way in Geneva.

They want Belgrade to end its military support for Serbian irregulars fighting in Bosnia-Herzegovina and halt the Serbs' campaign of "ethnic cleansing," which has helped create more than a million refugees.

The vote represents the first time the Security Council has begun proceedings to suspend a state's participation in the General Assembly because of its refusal to make peace.

UN Plane Lands In Sarajevo on A Test Flight

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — A United Nations plane landed in Sarajevo on Sunday to test conditions for resuming aid flights to the city after a three-week interruption.

Sarajevo was relatively calm Sunday after intensive artillery shelling Saturday.

The United Nations High Commissioner for Refugees, Sadako Ogata, recommended in Geneva on Saturday that flights start again, and a UN spokesman said flights would resume over the next few days if conditions allowed.

The flights were suspended Sept. 3 after an Italian relief plane was shot down, killing its four crewmen.

Officials say there is an urgent need to build up supplies for Sarajevo with the onset of winter now only weeks away.

In Geneva, the leaders of the Serbian, Croatian and Muslim communities in Bosnia-Herzegovina pledged Saturday to protect relief flights.

In Sarajevo on Saturday, Serbian tanks shelled the 20-story parliament building, setting five or six floors ablaze. On Sunday, several people attending a funeral at a cemetery here were wounded when two mortar shells exploded nearby, witnesses said. (APF, Reuters)

U.S. Contradictions Strain Mideast Ties

By Jackson Diehl
Washington Post Service

WASHINGTON — The contrast between U.S. support for military measures against Iraq and American reluctance to use similar force in Yugoslavia is causing strains in Washington's alliances with Turkey, Egypt and other key allies in the Middle East, according to Arab diplomats and U.S. officials.

Turkey and Egypt have complained to the United States at senior levels about what they see as a "double standard." While U.S. warplanes are being used to enforce a "no-fly" zone in southern Iraq for the protection of Shiites there, U.S. officials continue to oppose using Western ground troops to stop aggression by Serbs against Bosnian Muslims, officials say.

Both countries have declined to support actively the recent U.S. military initiative in Iraq, though they were key participants in the international military coalition that drove Iraqi forces out of Kuwait last year.

The Turkish government of Prime Minister Suleyman Demirel has allowed U.S. planes to use its Incirlik air base to protect Kurds in northern Iraq, but it has made clear that it will not allow other operations from the base, either to maintain the new no-fly zone in the south or to attack targets in Baghdad if war starts, diplomats say.

Turkey's foreign minister, Hikmet Cetin, told Turkish radio recently that the West's inaction in Bosnia-Herzegovina was "unacceptable" and made it difficult for him to explain to critics why Turkey should support Western policy on Iraq. President Hosni Mubarak of Egypt also

cited the lack of action in Bosnia in explaining to U.S. and Arab officials why his country would not take an active role in the Iraqi south, diplomatic sources say.

In contrast, both Turkey and Egypt have indicated that they would supply troops for a UN-orchestrated intervention in Bosnia that would go beyond the current mission of delivering and protecting humanitarian supplies.

Diplomats and U.S. officials say other Arab countries, including Saudi Arabia and Jordan, have also pointed out the contrast in U.S. policies, though Saudi Arabia and other Gulf states have actively supported the no-fly zone in southern Iraq. Diplomats say Saudi concern about Bosnia has been shown through a \$50 million airlift of relief supplies mounted by the kingdom.

U.S. officials say that the Turkish and Arab discontent has not weakened the coalition against the Iraqi regime of Saddam Hussein, adding that Turkey and Egypt remain committed to the coalition.

Nevertheless, officials concede that the complaints they are hearing are part of what is becoming a growing problem in the post-Cold War world: how the United States as well as institutions like the United Nations can appear consistent in dealing with regional crises and ethnic wars erupting in various parts of the world — or how, at least, to prevent a judicious choice of inaction in one region from hamstringing a decision to move in another.

Turkish and Arab frustration with the situation in Bosnia has compounded concerns that U.S. policy toward Iraq, with its emphasis on shielding both Kurds in the north and

Shiites in the south, is risking the breakup of the country into three separate states. Both Turkey and most Arab governments see that prospect as catastrophic.

The Bush administration has repeatedly sought to assure its allies that it has no intention of dismembering Iraq.

The confluence of policies is particularly troubling for Turkey. Both in and outside the country, politicians and analysts point to the political and economic dislocations that could be caused in Turkey by Serbia's campaigns against Muslim populations near Turkey's borders, as well as the growth of an increasingly independent Kurdish entity in northern Iraq at a time when Turkey is fighting a bloody war against Kurdish separatists inside its own borders.

The analysts argue that Western policies toward Iraq and the Balkans risk destabilizing Turkey, a NATO member as well as the only predominantly Muslim state in the Mideast to embrace democracy.

"The problem for the West is helping maintain Turkish economic and political stability," said Morton I. Abramowitz, president of the Carnegie Endowment for International Peace and a former ambassador to Turkey.

"We can roll Turkish political waters to the extent we are not sensitive." From this point of view, he added, U.S. policies in Iraq and Bosnia "certainly are very negative factors, no question about it."

For now, however, the Demirel government, which remains eager to integrate Turkey with the European Community, does not appear close to breaking with Western policy on Iraq or the Balkans.

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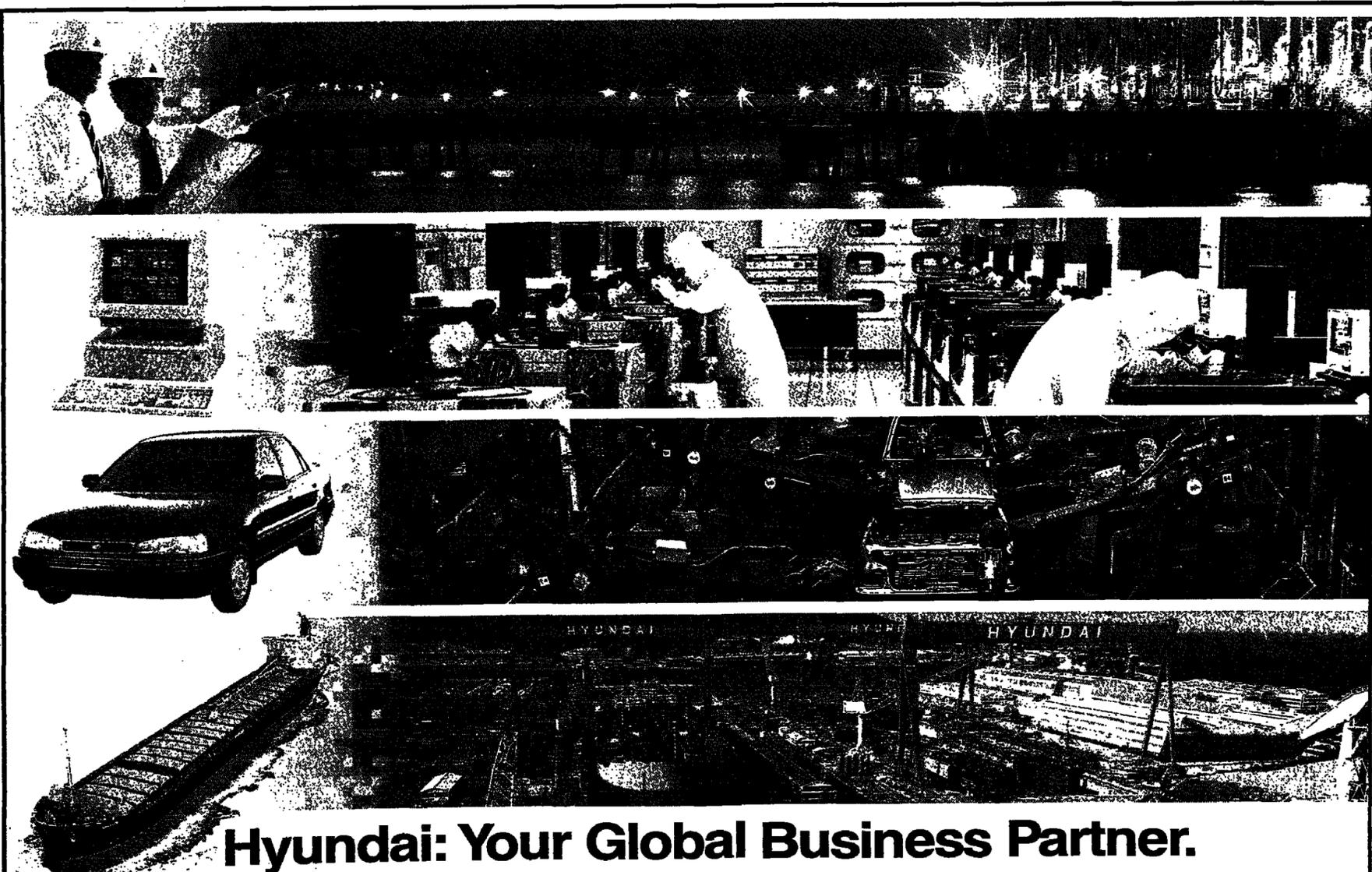
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GULF: Schwarzkopf Book Says White House 'Hawks' Pressed Land War

(Continued from page 1)
inside account of his role in key decisions. Excerpts from the book, expected to be published next month, are circulating among military officials, and the text has been obtained by The New York Times. It is stirring controversy among officials who dispute some of the accounts and say the general is too quick to take credit for the war's successes while assigning blame to subordinates for the shortcomings.

The book is also notable for the charges it does not make about the most sharply debated aspect of the war — whether the ground offensive ended too soon.

A month after the war ended, when it had become apparent that a significant part of the Iraqi Republican Guard had escaped, General Schwarzkopf said in a television interview with David Frost that he had recommended that U.S. forces "continue the march" but that Mr. Bush had instead ordered a cease-fire.

Mr. Bush and Defense Secretary Dick Cheney publicly rebuked the general, saying there was total agreement on when the war should be ended.

In his book, General Schwarzkopf asserts that he had no objection to ending the ground war at 100 hours. The 100-hour figure, he writes, was picked by administration officials in Washington, who "really knew how to package an historic event."

Reacting to General Schwarzkopf's complaint about the rush to the land war, top administration officials acknowledged in interviews that they pressed him to speed up his military preparations, which had fallen behind schedule. But they say the general was not sufficiently sensitive to the pressure they faced in trying to hold the anti-Iraq coalition together and that he naively put too much stock in Moscow's negotiating efforts.

Among the other disclosures in the book are these:

• Though generally supportive of the American decision to confront Iraq, some Saudi officials became "ambivalent" about opening an attack against Iraqi forces as war approached. After the Saudi commander, Prince Khalid bin

Sultan Saud, said it might be better to stage the offensive from bases in Turkey, General Schwarzkopf had an angry confrontation with him.

• General Schwarzkopf severely criticized one of his senior officers, General Fred Franks, commander of the army's 7th Corps, assigned the mission of attacking the Republican Guard, accusing him of conducting a plodding attack. This was vigorously disputed by a senior officer under General Franks, who asserted that General Schwarzkopf was looking for a scapegoat because much of the Republican Guard escaped.

• After the Iraqis seized the Saudi town of Khafji, King Fahd wanted the military to send bombers to destroy the city, preferring to sacrifice it rather than allow Iraqi forces to remain overnight. General Schwarzkopf talked him out of it.

• In an effort to keep Israel out of the war, the administration let Israel submit a list of targets in Iraq for American aircraft to strike.

General Schwarzkopf's scathing criticism of National Security Council and White House "hawks" challenges the administration's assertion that it took a hands-off approach toward the military's conduct of the war.

Although general does not name the "White House hawks," it is clear that he is referring to Brent Scowcroft, the national security adviser, and Robert M. Gates, the former deputy national security adviser who now heads the CIA.

"The increasing pressure to launch the ground war early was making me crazy," General Schwarzkopf wrote. "There had to be a contingent of hawks in Washington who did not want to stop until we'd punished Saddam. We'd been bombing Iraq for more than a month, but that wasn't good enough. These were guys who had seen John Wayne in 'The Green Berets,' they'd seen 'Rambo,' they'd seen 'Patton,' and it was very easy for them to pound their desks and say: 'By God, we've got to go in there... Gotta punish that son of a bitch!' Of course, none of them was going to get shot at."

Administration officials acknowledged that White House officials wanted the military to

speed up its war preparations. But some officials asserted that the book indicated that the general had an overly benign view of Moscow's motivations in its diplomatic efforts and did not fully appreciate the difficulty of holding the coalition together.

Another top administration official who disputed the general's analysis said, alluding to the Soviet Union's diplomatic efforts, "To have allowed Saddam an orderly retreat would have enabled him to preserve his army and assert the invincibility of his forces."

"The implication of General Schwarzkopf's remarks is that only people who go into combat can make the decisions. He does not seem to understand that in our system the burden of decision is placed on civilians."

Among the most compelling episodes is a shouting match by telephone with General Powell over setting a date for the ground war. General Schwarzkopf raised the possibility of delaying the ground war because of bad weather.

After General Powell indicated that the White House was unwilling to delay the ground offensive, General Schwarzkopf complained that lives would be lost.

General Powell accused General Schwarzkopf of patronizing him and suggested that he was "putting out a big show" in front of his officers by charging that Washington was guilty of "political expediency" in wanting to proceed with the ground war. General Schwarzkopf insisted that he was being loyal to General Powell but confessed that he was under tremendous pressure.

"Sometimes I feel like I'm in a vise — like my head is being squeezed in a vise," he exclaimed to General Powell. "Maybe I'm losing it." General Powell, according to this account, sought to calm him down, saying he had full confidence in him.

The dispute over the ground war date was resolved, General Schwarzkopf says, when the weather forecasters predicted better weather, and he told General Powell that he would attack on Feb. 24, 1991, as planned.

Floridians Fight Hurricane Shell Shock

By Joseph B. Treaster
New York Times Service

MIAMI — Four weeks after a hurricane tore much of southern Dade County into shards of debris, mental-health experts are measuring its inner toll. They say that the storm delivered the kind of jolt rarely experienced of people are suffering symptoms similar to those endured by Vietnam veterans and that some are taking out their aggressions on those closest to them.

Calls for help to the Domestic Violence Hotline in Miami have more than doubled, to about 100 a day, and Judge Cindy Lederman of the Dade County Circuit Court said that about 20 women have been applying daily for police protection from husbands or companions, up from an average of fewer than 10 a day.

Of course, most Floridians have not resorted to violence. And other indicators of stress, like child abuse, murder and suicide, seem

unchanged. But experts say the hurricane designated Andrew has harmed almost everyone in the region in some way.

Even those whose homes and possessions suffered little or no damage have seen the results on television and felt the pain. Yolanda Calcedo had only a couple of shutters ripped off her waterfront apartment in North Bay Village, but she has been waking up in the night, terrified and drenched in sweat. "In my dream everybody is sleeping out in the open, all mixed together," she said, "and the rain is pouring down on us."

Anita Bock, an executive in the state's social services agency, has been waking up in a panic several times a night. Victoria and Michael Hayes, who publish newsletters, have suddenly started yelling at each other over such things as where to turn it is to take care of their cocker spaniel. For a while, Buck Collison, 69, an out-of-work bartender, could not remember what kind of car he owned.

For most of the two million people in the

region, mental-health experts say, the shock, mourning and grief will be phenomenous that gradually fade.

But Charles Gibbs, who is coordinating the work of volunteer mental-health specialists with the Red Cross, estimated that perhaps 25,000 people will suffer lingering psychological effects.

No previously healthy person has been placed in a mental hospital because of the storm, said Randy Wilcox, the acting head of Florida's mental-health programs, and few of the roughly 40,000 people in the area who regularly receive mental-health services from the state have taken a turn for the worse.

But Mr. Wilcox said the state was gearing up in anticipation that the conditions of thousands of regular mental-health patients would deteriorate and that many others would seek treatment. Washington has provided \$3.6 million in emergency financing for mental health; Florida is asking for about \$22 million more.

UN: Organization Strangling on Too Many People and Too Much Paper

(Continued from page 1)

Social Council in Geneva in the summer, often produce little more than talk and a break from New York weather. Years of negotiation are invested in such endeavors as drafting a "code of conduct" for transnational corporations, without tangible result.

The heads of specialized UN agencies and other top officials operate with few checks and balances in the absence of any standards for management. The system currently has no inspector-general, and a Joint Inspection Unit based in Ge-

neva is made up mostly of retired diplomats.

These examples characterize a UN system that has grown into what former Undersecretary-General Brian Urquhart calls "an enormous ramshackle structure" and "a most astonishing concoction."

Many entities have overlapping functions, but efforts to coordinate them have largely failed. "There's a hell of a lot of shoddy things going on," said Rakiya Omsar, the Somali rights group director of the human rights group Africa Watch, which is demanding an investigation of alleged mismanagement and graft in UN famine relief efforts. "I think there's a great deal of incompetence, there's a lot of corruption, and there's no accountability."

Secretary-General Butros Butros Ghali, who has promoted reform measures since taking office for a five-year term in January, declined to be interviewed for this series. In an interview published last month in the London-based Arabic newspaper Asharq al-Awsat, however, he said he was battling his own staff in trying to implement unpopular reforms and "restore discipline in an organization where the negligence and fragmentation are widespread."

Describing a recent trip to the Geneva offices of what he called the far-flung UN "empire," he said: "I went there, and I was attacked. There are thousands of staff. Half of them do not work. I decided to launch a reorganization campaign."

Despite broad agreement on the need for reform, abuses within the organization persist and often go unpunished. The chiefs of some autonomous UN agencies rule their fiefdoms like autocrats, answering to no one. Regional mafias of UN bureaucrats have taken root, consolidating their power through favoritism in hiring and promotions. Recipient governments also routinely plunder UN programs, diverting aid from intended beneficiaries with little reconstruction from UN agencies.

Ronald I. Spiers, an American who served as a UN undersecretary-general, attributes many of the UN's problems to a shortage of management skills in an organization run largely by diplomats.

"There has never been efficient management," he said. Of the six UN secretaries-general so far, "none has been management-oriented. They have been politically oriented."

In addition to its high-profile peacekeeping and political functions, the United Nations plays an essential role in setting global norms governing such fields as shipping, telecommunications and civil aviation. The issues of reform and accountability examined in this series, however, stem largely from a part of the system that gets little public scrutiny even as it eats up the great bulk of UN resources: the economic, social and humanitarian programs aimed at development, emergency relief and "better standards of life" around the world in accordance with the UN Charter.

Clearly, the United Nations employs many hard-working and idealistic people. But there are widespread complaints of uneven workloads and poor deployment of manpower. Parts of the system are overstaffed and lethargic, while others, particularly field offices in unpleasant places, are understaffed and overworked.

"There's such a bad distribution of the workloads in the UN system," a Rome-based UN official said. "The bulk of the work is done by perhaps one-third of the employees."

Local employees tend to bear the brunt of disciplinary action, such as criminal proceedings, when fraud or other abuses are discovered, while erasing international professional staffers often survive and even advance in the organization. At the same time, UN employees who complain about irregularities have found themselves blocked from promotion or forced to transfer to other jobs.

It is a system that tends to cover up its abuses and discourage whistle-blowers. Most UN employees who spoke on these issues did so on condition of anonymity for fear of ruining their careers.

Many expressed concern that disclosing waste and fraud could jeopardize funding from donors and ultimately hurt the people that the agencies are trying to help. But sources both inside and outside the UN system generally agreed that reform is imperative.

UN officials who advocate a cleanup in their ranks say that management by the heads of agencies and other top officials has been inept and, occasionally, corrupt.

"There is no supervision of any agency on a weekly or monthly basis as you have in a government,"

critics say, has been self-protecting and self-perpetuating, rather than self-policing. It has proved largely incapable of setting priorities, evaluating program results or eliminating useless make-work. Budgets are opaque and auditing overlapping functions, but efforts to coordinate them have largely failed.

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"There is no supervision of any agency on a weekly or monthly basis as you have in a government,"

said a senior Rome-based UN official. Governing councils of agencies' member states are "basically rubber-stamp bodies."

In a statement to a UN financial committee last year, the United States expressed grave concern over "the seriousness and number of cases of fraud and presumptive fraud" in the office of the UN High Commissioner for Refugees, or UNHCR. "Large amounts have been embezzled by UNHCR staff," the statement said.

In reports being released this month, the UN Board of Auditors, a group of outside analysts, cites numerous irregularities and "weak internal controls" at UN headquarters and subsidiary agencies during 1990 and 1991 in what amounts to an indictment of UN management. A 136-page report on the UN headquarters and a dozen field offices enumerates irregularities or deficiencies in hiring, cash and property management, internal audits and purchases of everything from project equipment to airline tickets.

Many anomalies reported by auditors "appear to be recurring" and point to a "lack of determination to enforce regulations and rules and make the heads of units of the organization accountable," the report says.

A recent confidential internal paper circulating in the UN Development Program, the system's main coordinating and funding agency for technical assistance, put the problem more bluntly. Citing "a deplorable vacuum of basic ethics" in the system, it noted widespread criticism of "profligate structures, pompous-Byzantine attitudes of ranking officials, operational inefficiency" and "gross mismanagement of financial and personnel resources."

The 18-page paper listed a dozen cases of corruption involving the development agency's staffers or programs that totaled millions of dollars in pilfered funds.

For years, the East-West conflict effectively blocked fundamental UN reforms. As a result, the system grew steadily more unwieldy. Now, the expanding UN role in the world and greater demands on its resources have given reform efforts new impetus.

"The United Nations has to reform itself to be appropriate to new challenges," Foreign Minister Andrei V. Kozhevnikov of Russia said in an interview. "Yes, the East-West confrontation was the major stumbling block, but when it is removed, other problems remain."

Founded by 50 countries in 1945, the United Nations currently has 179 members. Initially it employed about 1,500 people. Now the UN system — excluding the UN-related World Bank, International Monetary Fund and regional development banks — counts more than 51,000 employees around the world, nearly 14,000 of them are attached to the New York-based Secretariat and its dependencies. In addition, at least 9,000 consultants were employed by UN agencies in 1991, the last period for which figures are available.

Total spending by the UN system for the two-year period ending in 1991, including voluntary funds and peacekeeping operations, came to nearly \$15.6 billion, of which the United States contributed about \$2.6 billion. Since the first UN session in 1946, the United States has poured more than \$20.3 billion into the system, making it by far the largest contributor.

At present, the U.S. share of UN assessed budgets is 25 percent, double that of the next-largest single contributor, Japan, which is assessed 12.45 percent. At present, 44 percent of member states pay the minimum assessment of one-hundredth of 1 percent, and the shares of 16 new members have yet to be determined.

A perennial problem for the U.S. government has been that, since regular budgets of the UN Secretariat are approved by a two-thirds majority of the General Assembly, countries that collectively pay less than 2 percent of assessments historically have had enough votes to control passage of budgets. And since the poorer countries are the main beneficiaries of UN spending, it has been in their interest to have more organizations, more programs and growing expenditures.

The United States, on the other hand, traditionally has been the strongest critic of wasteful UN spending, much of which inevitably comes out of the pockets of American taxpayers.

According to UN budget officials, at least 70 percent of the Secretariat's regular, assessed budget, which stands at \$2.4 billion for 1992-93, pays for salaries and other "staff costs."

NEXT: Abuses in Africa

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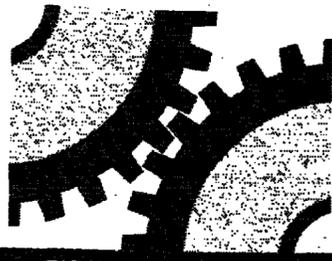


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Amid the Storms, Some Sunshine

With fierce speculative winds buffeting the European exchange-rate mechanism, the Nordic countries have not remained out of the storm. They have been making their own share of financial headlines as they struggle to cope with one of the heaviest bouts of recession since 1945. But there are reasons for optimism if their politicians can continue to stick to the tough monetary and fiscal policies necessary to regain investor confidence.

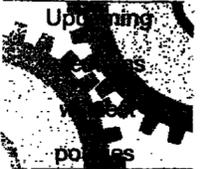
Amid the ambivalence recently shown in the European Community toward the adoption of the Maastricht treaty, the Nordic countries have had an ace in the hole — the European Free Trade Association agreement with the EC. The EC-EFTA link will come into effect January 1, 1993 and will create a free-trade zone of 380 million people, without the common foreign policy and currency aspects that have begun to concern many EC voters.

Of the four Nordic countries, only Denmark is currently a member of the EC. Finland and Sweden have presented formal applications, while Norway is still uncertain about whether to join. Yet Finland, Sweden

package is also expected to contain a new 6.5 billion krona venture capital fund for small to medium-sized companies. Martin Haag, European affairs expert at the Foreign Ministry, says, "Industry here has been lobbying for international integration for many, many years." It is too early to say how well the new regime will work, but Tetra Laval, the multinational best known for its cartons, has already moved its headquarters back from Switzerland. Meanwhile, Sweden is promoting forward-thinking regional development in the southern Öresund area.

As for Finland, the Paris-based Organization for Economic Cooperation and Development forecast a 3.3 percent increase in GDP in 1993, — particularly favorable given the past two years of economic contraction as trade with the former Soviet Union collapsed.

Rules preventing foreigners from owning more than 20 percent of voting rights or 40 percent of equity in a Finnish company without official state authorization are expected to be abolished next year. Another significant stumbling block to foreign investment, the difference between free and restricted shares, is also expected to come to an end; at present only 12 percent of shares traded in Helsinki are free. As a result of these radical liberalizations, combined with Finland's long experience in trade with the former Soviet Union, which is now in high demand, new foreign investment in the country is projected to reach as high as 16 billion Finnish markka (\$3.67 billion).



and Norway are all members of EFTA, and the EC-EFTA agreement has meant the acceptance of good many EC laws. In this way, the non-EC Nordic countries have been indirectly grooming themselves for EC membership for some time.

For example, with Denmark showing the way, the Nordic countries have become champions of low inflation, a vital EC membership ingredient. All four countries boast inflation levels now between 2 percent and 3 percent, putting them comfortably below the OECD average.

Sweden's new budget is aimed at keeping inflation low and bringing down unit labor costs, which would encourage export-led growth. The government plans to bring down government expenditure substantially with 20 billion Swedish kronor (\$3.8 billion) in cuts projected over the next three years.

Sweden has also joined the league of corporate tax cutters, having slashed corporate tax levels from as high as 57 percent to 30 percent. There are plans next year to bring levels even lower, to as little as 25 percent. Value-added tax rates will come down from 25 percent to 22 percent, which should lighten the burden on households and bring Swedish value-added tax levels closer into line with EC levels.

The tax reductions aimed at wooing foreign investors coincide with a privatization scheme of 35 state-run companies, abolishing restrictions on foreign ownership of Swedish companies and the removal of the tax on share dealings. The

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Keith Foster is a freelance journalist based in Sweden. • Patrick Humphreys is a Helsinki-based economic analyst and editor of a weekly business newsletter. • Xueling Lin is a freelance journalist based in Denmark and editor of Business Denmark, a yearbook of Danish business.



One of the ways in which the Nordic countries are integrating their economies into the rest of Europe is through privatization. Swedish Telecom, whose satellite station is shown here next to ancient rock carvings, is one company being put up for sale.

the wealthy social state security fund, Folktryggnad, can spend on Norwegian shares. An estimated 10 billion krona (\$1.7 billion) increase in funds available for equity investments will be injected into the market by this change.

The crucial element in the present recovery is the determination of the Nordic governments to stick to their anti-inflation, low-deficit guns. There are strong pressures to waver because of rising unemployment; increased government expenditures would give a temporary glow to these cold economies. With local elections starting in October in Finland, Norwegian elections scheduled in 1993 and Sweden's for the following year, the temptation to loosen the reins on government spending is strong.

With the exception of Denmark, which got started on its economic reform earlier than its Nordic neighbors and has had the bene-

fit of being linked to the European exchange-rate mechanism, the other Nordic countries have been facing serious economic challenges.

Sweden, the traditional success story of Scandinavia, boasting industrial giants such as Volvo and Electrolux, has been grappling with one of its most severe recessions since the 1920s. Unemployment, 2.7 percent in 1991, is forecast to reach 4.5 percent by 1993.

The European currency uproar of this month has caused the Swedish central bank to push up its marginal lending rate to astronomical levels — 20 percent, 75 percent and even 500 percent — in order to defend the krona. Finland, for its part, gave up the markka's fixed tie to the Ecu and allowed it to float, a strategy the Bank of England soon found itself forced to follow.

Sweden's dogged determination to defend the krona will probably be taken as

a positive sign by the international financial community. The 8 billion Ecu (\$5.8 billion) syndicated loan announced September 11 has been successfully underwritten in spite of upset in the country's financial markets. Some 25 banks are participating, from Sweden, Switzerland, Germany and Britain as well as Japan and the United States.

Like Sweden, both Finland and Norway have had

to implement some tough measures to boost their economies. Finnish GDP saw a fall of 6 percent in 1991, and unemployment has soared to double-digit levels. Norway has seen a six-year-long softening of the financial sector, which has forced the government to step in repeatedly with billion-kroner rescue packages.

Last summer, the col-

Denmark / Scandinavia's EC member

Reaping Benefits Of Tough Policies

Denmark is economically stronger today than it has been for the last 20 years. Tight monetary and fiscal policies have lifted the economy out of a chronic balance of payments deficit dating back to the 1970s.

It would be untrue to say that the Danish vote against the European Community's Maastricht treaty has not made some foreign and local investors uneasy.

"We have not experienced any radical changes in foreign investor attitudes to Denmark after the June referendum, but that is probably because the economy is strong and the fundamental good reasons for investing in Denmark have not changed," says Joergen Tranberg of the Danish Foreign Ministry's Investment Secretariat. The Secretariat has not let up on efforts to draw attention to Denmark's advantages, particularly in the high-technology sector. The campaign, which was initially directed at the United States and Japan, is now going to be enlarged to take in West European countries starting in 1993.

Today, the Danes boast one of the lowest inflation levels in the world, a strong currency and steady export-led growth. The balance of payments surplus has hit record levels, with the latest figures from the Danish National Bureau of Statistics showing a surplus of 23.7 billion Danish kroner (\$4.15 billion) in the past 12 months — nearly

double the size of the surplus from the year before.

Most of these gains have been made through aggressive exports of goods and services; imports, in contrast, have stabilized. Denmark has also managed to ride out the worst of the currency speculation storm created by the strong German mark. While investor confidence dipped dra-



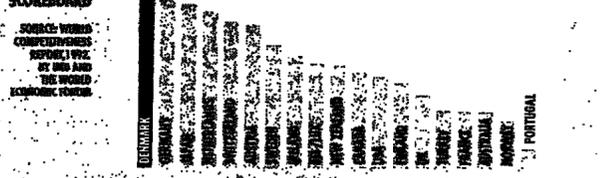
matically for Finland, Sweden and Norway, forcing drastic interest rate hikes. Investor faith in the fundamental strength of the Danish krona, with its stabilizing link to the European exchange-rate mechanism, has allowed the Danes to escape with less dramatic adjustments. The Danish central bank has so far managed to support the krona against exchange-rate pressure.

The Danish economy has reaped significant benefits from EC membership; Danish agriculture in particular has made net gains from Community farming subsidies. But credit must also

Continued on Page 11

DIRECT INVESTMENT DENMARK ON TOP

EXECUTIVE OPINION SCOREBOARD



Denmark: number one in business confidence

WORLD COMPETITIVENESS SCOREBOARD



One of the world's most competitive nations

Business opinion about Denmark is changing. In 1992, the nation again improved its standing on the Executive Opinion Scoreboard of *The World Competitiveness Report*, moving from 4th to 1st place.

At the same time, it jumped from an 8th to a 4th place ranking on the *Report's* World Competitiveness Scoreboard.

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 A reassuring economic outlook. For 1993, the OECD projects growth of 2.9% in GDP.

A central location
Denmark is also strategically located. It provides efficient access to the European Community. Scandinavia and the Baltic basin.

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Denmark is on top. Wouldn't you like to be, too? For more information please contact one of the offices listed below or the Danish Embassy / Consulate General in your country.



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Kvaerner a.s. is Norway's largest privately-owned commercial enterprise with some 100 production and sales companies operating in more than 50 countries worldwide. Total group operating revenue was Nkr. 18.65 billion (£1.65 million). Operating profit was Nkr 1,035 million (£91.6 million)

Kvaerner has 19,000 employees - 10,000 of them outside Norway in such countries as the UK, Sweden, Finland, Gibraltar, Canada, Singapore, Spain and Brazil where Kvaerner has a production presence.

Kvaerner has five core business areas in which it ranks among the world leaders. These are shipbuilding; offshore design and construction; pulp and paper; shipping and mechanical engineering.

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Kvaerner is a proven and experienced builder of large platforms and modules for offshore oil and gas production. With its international subsidiaries it aims to become one of the world's leading suppliers of offshore services.

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NORDIC COUNTRIES

Finland / Reorienting the Economy

About-Face in Trading Forces Change

The economic survey on Finland published in August by the Organization for Economic Cooperation and Development predicted a recovery from the country's current economic slump in the last half of 1992. GDP growth was forecast at 3.3 percent in 1993 as increased productivity led to better cost competitiveness and export performance.

These predictions, however, are already regarded as overly optimistic following the government's announcement earlier this month that it would untie the markka from the Ecu and let it float freely. The currency immediately lost 15 percent of its value, after having already been devalued by 12 percent last November.

Finland's GDP shrank 6 percent last year and is predicted to decline another 1.5 percent this year. Unemployment is over 15 percent. The government has not been able to reflate the economy because the international payments account is deeply in deficit; total foreign debt is already

close to 40 percent of the GDP. Nonetheless, there are reasons for the international community to be interested in the country's prospects. The Finns, following



Sweden's example, applied for membership in the European Community in March. Even before negotiations get under way, Finland is opening its economy in line with the EC-EFTA agreement on a European Economic Area.

Ownership of Finnish shares, now trading at extremely low prices, is due to be deregulated next January. Until now, most companies have restricted the

proportion of their equity that can be held in foreign hands to 20 percent. Foreign purchase of Finnish real estate will also be eased.

The government wants to retain a discretionary right to bar foreign takeover of one of the nation's 120 largest companies if the change in ownership would endanger an important national interest, but the Ministry of Trade and Industry says this is unlikely to be invoked.

Another upcoming reform concerns taxation of interest and dividends. If the government's proposals go ahead, all capital income will be taxed at a flat rate of 25 percent, making the country a more attractive business base.

Without the prospect of an economic recovery, however, these measures may not be enough to lure foreign investors. The financial sector has not been a drawing card; credit losses are straining all Finnish banking groups and some would already have perished without state aid. Bank shares have fallen more than 65 percent in price this year.

Until recently, the economy had been performing well. Finland industrialized rapidly in the 1920s and '30s, and completed its transformation into an urban welfare society in the '60s and '70s. The Soviets bought its ships and machines and the West its forest products, particularly paper.

In 1990, the Finnish economic engine ground to a halt. The present slump is uniquely severe in Finland's history, and remarkable for any Western economy. It has been brought on by a number of factors, some foreign-made, some homegrown.

The main external factor was the breakup of the Soviet Union and, even before that, the slump in its foreign trade. Throughout the 1980s the Soviet Union was Finland's most important trading partner, at one time

buying a quarter of all exports. The loss of this market forced a major structural adjustment on the economy.

Unfortunately, the West went into recession soon after, hitting Finnish engineering companies when they were already down. Prices of paper and pulp also fell because of global oversupply.

Added to these difficulties were internal factors — one being excessive specialization. Forest products and engineering accounted for 81 percent of exports last year. The fall of the dollar has meant that U.S. and Canadian pulp and paper companies have been able to increase their market share.

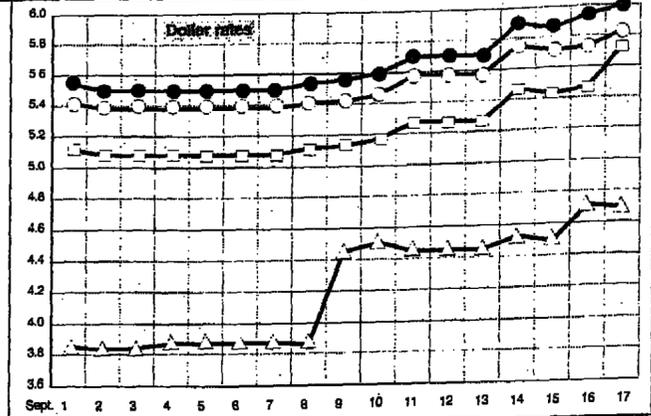
There has been an immense transfer of funds to farming, a challenging business in this harsh northern climate. Most of the Western world exercises some form of agricultural protectionism, but Finland's is extensive and costs the country 4 percent of its GNP each year. This has left scant state funds available for nurturing new industries.

Some political observers see a second reason for the severity of the present crisis: a disregard for the importance of economic incentives. Key sectors of the economy are insulated from foreign competition and dominated by a small number of local companies. New antitrust legislation, which came into force this year, may help to remedy this.

The labor market is another concern; the strength of Finnish unions is founded in law. National wage agreements between an employers' association and a labor union within a certain industry set the legal minimum wage level throughout that industry, even for nonunion companies. A government-appointed committee has been considering suspending this rule so as to restore flexibility to labor-intensive sectors.

CHARTING THE CURRENCIES

TWENTY-FOUR HOURS AFTER FINLAND ALLOWED THE MARKKA TO FLOAT FREELY AGAINST OTHER CURRENCIES ON SEPTEMBER 8, SWEDEN HIKED ITS KEY LENDING RATE TO 75 PERCENT IN ORDER TO DEFEND THE KRONA.



But the first priority is to cut the state budget. The public sector now consumes a quarter of Finland's GDP. Trimming it back will reduce the need for foreign borrowing and

release domestic resources for export. The government finally has the authority to do this because of a change in the constitution that came into effect this autumn.

Until now, the passage of any law could be delayed to the next session of parliament if just a third of the members of parliament so voted. In effect, this meant that unpopular spending

cuts needed a two-thirds majority. Now that all laws can be enacted by simple majority, the process of economic reform can be speeded up.

Patrick Humphreys

Sweden / Putting Out the Welcome Mat

Deregulation Part of Coalition Reforms

When four parties joined to break 50 years of almost uninterrupted Social Democratic rule in Sweden last year, a central plank of their policy was based on an initiative by the Social Democrats Swedish membership in the European Community.

Although it was the previously anti-EC Social Democrats who had submitted the Swedish application, the conservative-led coalition went into last year's election hoping to persuade the electorate that only a right-of-center government had the enterprise and energy to adapt the country to the demands of the larger market. They gained enough seats to form a government, albeit without a parliamentary majority.

The government has now been in power for a year, and the process of adapting to Europe is in full swing. The Swedish currency, the krona, was unilaterally linked to the Ecu, and through the European Economic Area agreement, Sweden and the other countries of the European Free Trade Association will become part of the open

European market when it is formed in 1993.

As recent events have shown, the link to the Ecu has not been an altogether happy experience for the troubled krona, with the Bank of Sweden having to employ the heavy artillery of record interest rates to resist devaluation. The government wants to show Brussels that it can run a tight financial ship and recently announced public spending cuts of over \$3 billion. According to Finance Minister Ann Wibble, however, "There will be no crisis package. Our long-term aims are to make Swedish industry more efficient and lay the foundations for sustained growth, and we stand by them."

Sweden is hoping for full EC membership sometime in 1995, giving the country a political voice in the Community to complement its economic involvement already established by the EEA. In a recent government publication on the effects of Sweden's "Europeanization," Sweden's minister of foreign trade, Anita Gradin, wrote: "We will be part of this dynamic age, shaping the future."

But, as one official puts it, the government cannot adjust Sweden's business community to the EC — only the companies themselves can do that. Indeed, it was the many multinational Swedish businesses that first called for EC membership. The fear of remaining outside the internal market, with foreigners unwilling to invest in what they saw as an isolated northern outpost, superseded all other considerations. The government, putting aside political obstacles such as the question of neutrality, agreed.

What the government can do is adapt the environment in which industry operates. This is being done through policies of tax-cutting, deregulation and privatization and by promoting competition and foreign investment. Corporate taxes have been cut from 57 percent to 30 percent, value-added tax on foodstuffs and many services is down from 25 to 18 percent (with more VAT cuts in the pipeline for 1993) and taxes on income, once famed as the highest in the world, are now within the 30 percent to 50 percent band. Sales tax on shares and other securities has been abolished, along with the wealth tax on working capital. There are also plans to cut energy taxes on industry and abolish real-estate tax on commercial properties.

Deregulation has already had a major effect on transport, with domestic airline and taxi passengers enjoying lower prices and greater choice. Deregulation of the agricultural sector has surpassed that of many EC countries.

The government is well aware of the need to break up monopolies, a challenge it is meeting with the twin tools of privatization and new competition laws. The government has listed 35 companies due for privatization in the next five years.

including the state telecommunications concern, Swedish Telecom.

"We have actually never had an official monopoly," says Bertil Thorgren, ST's senior vice president, "merely a de facto one." ST hopes for privatization next year, but the government may hold back for fear of creating a situation similar to that in Britain, where a state monopoly has been replaced by a hugely imbalanced duopoly. "But there they only had one new competitor," says Mr. Thorgren, "Here it will be wide open."

Swedish Telecom is facing the prospect of privatization and a possible flotation on the stock market with enthusiasm and energy. The company has begun a comprehensive cooperative project with telecommunications companies in two of the Baltic republics, Latvia and Estonia. Along with Finnish Telecom, ST is supplying the Baltics with an NMT mobile telephone network, has contracts to produce directorates and will be part of the new ground-based telephone network in Estonia. Sweden's King Carl Gustaf opened a Swedish-built foreign exchange in Riga, giving Latvians their first chance to call internationally without going via Moscow.

The mining industry will also be privatized; the Swedish government is selling mining properties on the international market. The State Mining Property Commission will be abolished, crown shares will be disposed of and the only state involvement will be the provision of basic geological information to private explorers.

Sweden is also toughening up its competition laws, with fresh legislation due to come into effect on July 1, 1993. The current legislation only starts to make its presence felt when monopolies are abused, but the new laws will be more in line with the Treaty of Rome, stepping in to break up uncompetitive situations. A new organization, the State Competition Authority, was set up this July to prepare the way.

"One of the main aims of these changes is to ensure that Sweden is not overlooked by foreign investors," says Martin Haag, European affairs expert at the Foreign Ministry. "In fact, they will make the country even more attractive as a home for investment funds. That is at the base of all our policies — the attack on inflation, government spending cuts, reduced taxation and the trying of the Swedish krona to the Ecu."

Herbert Fromlet is chief economist at Swedbank, the Swedish savings bank. He is pleased with the measures the government is taking. "The administration is doing its best to attract investment, and that is a process that takes time, but these changes are welcome. Although there are still major problems — rising unemployment, the budget deficit, the recession — we see some encouraging trends in falling inflation and better industrial productivity."

"Really, industry in Sweden is the key," says Mr. Haag at the Foreign Ministry.

Keith Foster

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HOW LATVIAN BUSINESS CONNECTS TO THE WEST AND THE 21ST CENTURY



Mr Petars Vidnieks, General Director of Lattalekom.

After the Republic of Latvia regained its independence, Latvian industry was as eager as its western counterparts to establish contacts. Unfortunately, both sides were severely handicapped by the limited and unreliable telecommunications, still routed via Moscow. The mechanical exchanges installed in the 50s and 60s were well maintained, but hopelessly inadequate to meet the surging needs.

To solve the problem fast, Swedish Telecom International — Televerket's international business development company — was assigned to install the first AXE digital exchange in the Latvian capital of Riga. At the same time, a sufficient number of reliable lines to the western world was opened via Televerket in Stockholm. Early in 1993, the new system will be totally integrated with the existing Latvian network.

Says Lattalekom's General Director, Mr Petars Vidnieks: "Rapid development of our telecommunications is a precondition for promoting business activities in Latvia. The 'overlaid' international network, installed in cooperation with Televerket, gives business people as well as politicians every possibility to communicate with their western partners at any time."

This is no coincidence. Sweden has a highly digitalized exchange network, more telephones and mobile telephones per capita, and more work terminals per employee than any other country. It is also the most open telecom market in Europe.

And, as in Latvia, we welcome any opportunity to turn communication challenges into mutually rewarding business opportunities.



Within Televerket, Swedish Telecom International develops and markets international telecommunication services. For further information, please write or call: Swedish Telecom International AB, P.O. Box 4646, S-116 91 Stockholm, Sweden. Tel. +46 8 743 75 00, Fax +46 8 743 77 13.

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TRADE & INVESTMENT THE TWIN ENGINES OF GROWTH

Norway / In the Pipeline

West European Oil King Diversifies

While many in Norway remain ambivalent over the question of EC membership, its businesses are already seeking to take advantage of new opportunities offered by the European Economic Area.

Norway's great source of income is its North Sea oil and gas. It is now Western Europe's chief oil producer, in 1991 having produced 1.86 million barrels per day over Britain's 1.80 million barrels per day, and averaging more than 2 million barrels per day this year.

Most of the investment will go toward the development of new fields, as several large fields have entered a cost-intensive phase of their long-term development. On top of this come planning costs for several new fields that Nor-

way has decided to concentrate on. Investments in fields already in use and land-based operations will grow by \$1.5 billion.

The actual figures may turn out to be even higher. Calculations for this year's investment at a similar stage in 1990 fell almost \$2 billion short of the actual figures. Signs look good, too, for employment in the oil and gas industries, with over 63,000 people employed in this sector in 1991.

When it comes to finding new fields, the Norwegian oil giants Statoil, Norsk Hydro and Saga Petroleum are casting their nets wide. Although surprises could still occur (particularly off central and northern Norway), the North Sea has been thoroughly explored, and new fields are likely to be of small or medium size.

There is a tremendous need for the technology, skill and experience we have gained in the North Sea," says Toralf Enger, director of Norsk Hydro.

business area was formed in 1989, Norway feared problems in selling its reserves. Now, thanks mainly to environmental concerns, European gas consumption looks set to double, and the problem is meeting demand.

These pipelines are symbolic of the increased trade Norway hopes to have with the Continent when the European Economic Area agreement comes into play in 1993, making Norway part of the EC's internal market.

The case of Norwegian Telecom is a good example. Not so long ago, it held a total monopoly in its area, but that is being successively broken up. In the last

four years, competition has been allowed in the production of terminal equipment and telephones, value-added services, data transmission and resale of surplus capacity on NT lines.

In 1991, the monopoly on the supply of mobile telephones was broken, with two operators being allowed the concession on the new GSM system, to be launched in the near future.

Norwegian Telecom is adapting to its new market situation from within, with plans for a new streamlined organization currently under parliamentary review.

Denmark / Scandinavia's EC member

Reaping the Benefits of Tough Economic Policies

Continued from Page 9

be given to Denmark's own export efforts. While other Community countries still floundered with export deficits with Germany in the late 1980s, Danish exports rose dramatically, particularly after German unification, with little help from Brussels.

Part of the reason Denmark has managed to maintain investor confidence is because the minority right-of-center coalition

has stuck to its tough economic policies. In the new 1993 draft budget, the government proposed heavy spending cuts to reduce deficits and keep the economic revival on track.

One major worry Denmark still shares with the other Nordic countries is rising unemployment,

which has passed the 10 percent mark. The push from opposition parties, and even to some degree factions within the government coalition, to boost government spending is increasing.

Reactions of local industry to the referendum result have been mixed. The Dan-

ish toy-brick manufacturer, Lego, has stated that it will suspend plans to build a new factory in Denmark until its position in the community has been clarified.

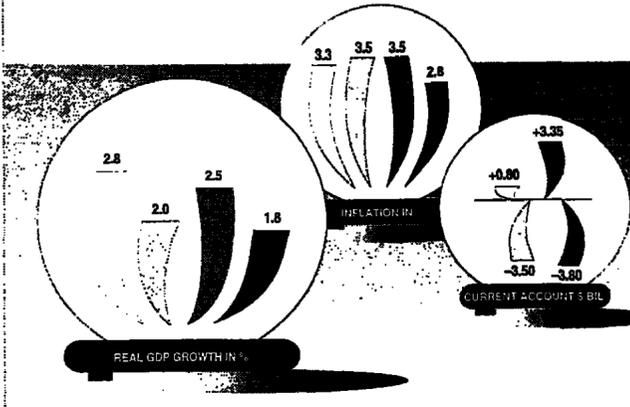
Carlsberg, the Danish brewing giant, has taken a more robust view and is going ahead with a 1.3 billion kroner investment in new bottling facilities in Copenhagen and at their high-tech plant in the provinces.

According to a study based on the 1991 World Competitiveness Report,

ECONOMIC PROGNOSIS 1993-1997

WHILE ALL THE NORDIC COUNTRIES NOW SHOW INFLATION RATES BELOW THE OECD AVERAGE FINLAND AND SWEDEN ARE STRUGGLING TO BRING THEIR ECONOMIES INTO LINE WITH EC BENCHMARKS

DENMARK FINLAND NORWAY SWEDEN



SOURCE: POLITICAL RISK SERVICES, SEPTEMBER 1992

Economies / The Challenges of Transition

Some Sunshine

Continued from Page 9

lapse of Denmark's second-largest insurer, Hafnia, sent shock waves through the other Nordic capitals. The Danish insurance group had been involved in a major takeover bid with Norway's largest insurer, Uni Storebrand, for Sweden's Skandia.

The Hafnia incident triggered off a chain reaction, with Norway's Uni Storebrand being forced into public administration. Skandia's share prices have been affected, as have Baltica, Denmark's largest insurer, and Finland's Pohjola insurance group.

The various Scandinavian creditor banks to Hafnia and Uni Storebrand, which are some of the region's largest and most prestigious, are now waiting to see what can be salvaged.

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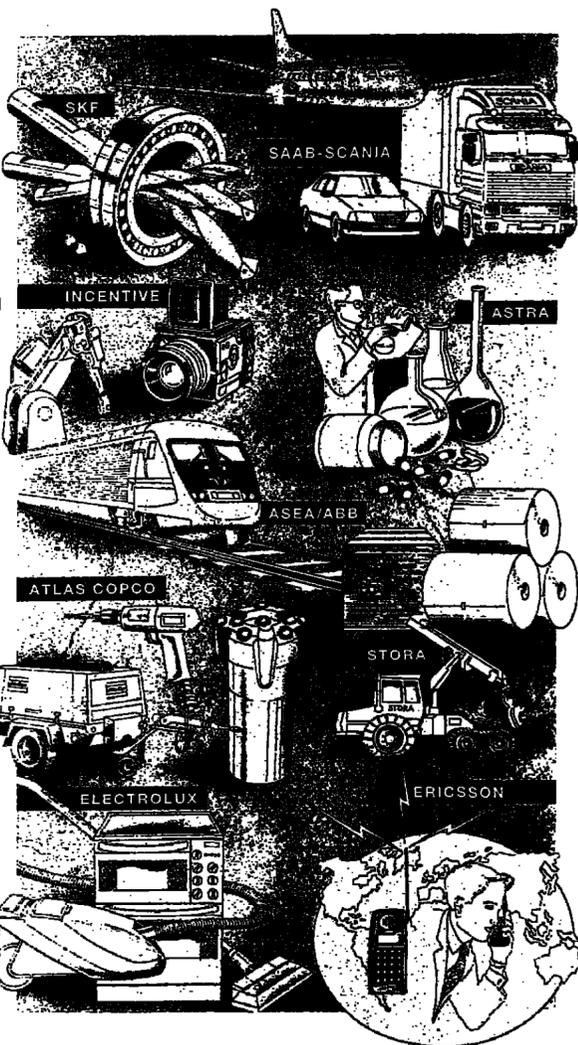
Investor AB's major interests are in Astra (pharmaceuticals), STORA (forest products), Incentive (industrial group), ASEA/ABB (transportation, infrastructure, power and environmental control), SKF (rolling bearings), Atlas Copco (compressors and equipment for industry, mining and construction), Ericsson (telecommunications) and Electrolux (household appliances).

In 1991 Investor AB acquired the Saab-Scania industrial group, which manufactures Scania trucks and buses, Saab commercial and military aircraft, Combitech aerospace products and industrial electronics, and Saab passenger cars (through Saab Automobile, owned jointly with General Motors).

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 022 40 00. Prices may vary according to market conditions and other factors. Sept. 18

Canadian Dollars

Short Term

Table of Canadian Dollar bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Table of Japanese Yen bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Table of Euro Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Table of Pound Sterling bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Table of Yen Straight bond prices with columns for Issuer, Coupon, Maturity, Price, and Yield.

Table of additional international bond prices.

Table of additional international bond prices.

Table of additional international bond prices.

Table of additional international bond prices.

NEW YORK (AP)

Table of New York market data including stock prices and indices.

MUTUAL FUNDS

Figures as of close of trading Friday, Sept. 18.

Table of mutual fund performance data.

EURO STRAIGHT

Table of Euro Straight bond prices.

POUND STERLING

Table of Pound Sterling bond prices.

YEN STRAIGHT

Table of Yen Straight bond prices.

ADDITIONAL BONDS

Table of additional international bond prices.

ADDITIONAL BONDS

Table of additional international bond prices.

ADDITIONAL BONDS

Table of additional international bond prices.

ADDITIONAL BONDS

Table of additional international bond prices.

Handwritten text in Arabic script: "الاسواق العالمية"

(Continued on Page 15)

Vertical advertisements on the right margin including 'ALMA', 'THE T', 'CUPA', and 'Forward Rates'.

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CAPITAL MARKETS

End of Exchange Controls Opened the Door to Chaos

By Carl Gewirtz International Herald Tribune

PARIS — Did Europe put its cart before the horse? By removing exchange controls before fully achieving what analysts call "convergence" of economic policies...

That's a contentious view, but one reiterated by economists who in the late 1980s warned of such consequences as the EC laid plans to create a single market allowing for the free circulation of goods, services, capital and labor by the end of this year.

"The argument was and is that where you have a fixed exchange rate system you need a complete similarity of policies," said Charles Wyplosz, an economist at the Institut d'Etudes de Louvain-la-Neuve, France, and an early critic of the move to eliminate currency controls.

"You must have either full monetary union, or capital controls or just a free floating system. There was no clear understanding," he insisted, "that you can't run a fixed exchange rate system without capital controls" in advance of monetary union.

Under the 1988 agreement creating the single market, member states committed themselves to the full liberalization of capital movements. Germany, the Netherlands and Denmark never had any controls and Britain had removed its restrictions in 1979.

France abolished its controls in 1989, Belgium, Luxembourg and Italy in 1990 and Spain earlier this year. Neighboring countries planning to seek admission shadowed the move and Sweden, in 1989, and Finland, in 1990, followed suit.

Ireland is slated to end its controls by the end of this year. Portugal and Greece were given an exemption until 1995 and in any event Greece is not a participant in the exchange rate grid.

Thanks to Portugal's controls, Mr. Wyplosz noted, the escudo has been able so far to withstand the speculation engulfing European markets.

The current round of currency distrust began in Finland, where the markka was left to float and declined some 10 percent. The lira was the next target. Foreign investors, who had gambled rich double-digit bond coupons were nearly as safe as 8 percent yields in Deutsche marks, as the currencies are linked, joined domestic institutions in dumping the currency as doubts about the viability of the exchange rate mounted and operators in the foreign-exchange market, sensing a quick profit, joined the melee.

One small gauge of the investor funds at risk: David D. Hale at Chicago-based Kemper Financial Services estimates that "in the U.S. alone, there was over \$22 billion in high yield money-market funds targeted on Europe in the belief that devaluations had become obsolete.

After the lira devalued 7 percent, sterling moved to the top of the suspect list and by the end of the week both Britain and Italy gave See CAPITAL, Page 15

Yeltsin Looks for A Deal

He Conciliates Anti-Reformists

By Steven Erlanger New York Times Service

MOSCOW — With the Russian government weakened and the economy slipping out of control, an important session of the legislature opens this week amid signs that President Boris N. Yeltsin is seeking further compromise with forces opposed to Western-style economic reform.

This summer, the Russian economy has borne the brunt of an unresolved political and constitutional struggle over the money supply.

The executive branch, under the acting prime minister, Yegor T. Gaidar, has been trying to limit the granting of new credits to industrial enterprises so it can keep inflation down and encourage structural changes in the economy. But the central bank, which is responsible to the legislature, has opened the credit spigot wide in the hope of reviving production and avoiding high levels of unemployment.

The clash, which the central bank and its acting director, Viktor V. Gerashchenko, have been winning lately, is in essence about the size of the state's role in controlling the economy. But in narrower terms, as always here, it is an intensely personal struggle for power and personalities.

"Russian politicians always get their priorities mixed up," a senior Western diplomat said. "They're so involved in their power struggles, which have a lot to do with access to the dacha, the car, trips abroad, and access to hard currency, that they really don't see that the economy is on the verge of collapse."

For Mr. Gaidar and his team of Western-oriented ministers, this is a moment of some despair. Mr. Gerashchenko, who took over the central bank in mid-July, issued about \$5 billion in credit in July and August alone. He did so, Mr. Gaidar's aides say, without consulting the executive branch, and one result will be an inflation rate close to 30 percent this month. They see the possibility of hyperinflation.

See RUSSIA, Page 15

Sweden Set for Tax Rises, Welfare Cuts

Compiled by Our Staff From Dispatches STOCKHOLM — Sweden's center-right government, moving to stabilize the krona amid Europe's currency crisis, announced Sunday a dramatic agreement with its Social Democratic opposition on tax increases and welfare cuts.

The package, the biggest austerity program in Sweden's modern history, was designed to pump 40 billion kronor (\$7.3 billion) into state coffers to stabilize the economy and prevent a devaluation of the Swedish currency, which is pegged to the European Currency Unit.

Prime Minister Carl Bildt's minority government engaged in four days of horse-trading with the largest party, the Social Democrats, on the package to restore confidence in the Swedish economy.

Sweden's central bank had to raise its short-term interest rates to 500 percent last Wednesday to support the krona in the currency crisis preceding Sunday's French referendum. But the record high rates brought

real estate transactions and short-term lending to a virtual halt Friday, threatening to suffocate the economy.

"A confidence-building savings package is good for the currency, for interest rates, for exchange rates," said Bjorn Carlsson, managing director of an investment firm.

But Harald Lundén, a Swedish broker, was more restrained. "The savings program has moderate importance," he said. "It is outweighed by other factors just now — the referendum in France, the krona, and currency realignments in Europe."

Mr. Bildt said the full effect of the package would not be realized until 1997, when he hopes Sweden will be a member of the European Community. But Mr. Bildt said the measures would strengthen the national budget by 28 billion kronor next year.

According to the national news agency, TT, the major price Mr. Bildt had to pay was that most of the savings will be from increased taxes, with a smaller portion coming

from reduced social benefits. Mr. Bildt's coalition came to power last September on election platforms promising cuts in taxes and government spending.

TT said the package included increases in taxes on gasoline and tobacco, and delayed the cut on property and wealth taxes that the government wanted.

According to TT, the defense budget was to be cut by 1.2 billion kronor, while the government spends 10 million kronor to create 150,000 jobs. Sweden is experiencing a postwar high of 5.8 percent unemployment, according to official figures.

The package calls for sick pay and occupational-injury insurance to be taken out of the state treasury and transferred to employers and unions, TT reported.

The agreement also says that employees should receive no pay for their first day of sickness, 65 percent of pay for the second day, and 80 percent thereafter. That is a major change from the current program,

which pays workers 80 percent of their salary for the first few weeks of illness, and 90 percent thereafter.

A plan to pay parents to care for their children at home as an alternative to state day care was put on hold, TT reported. It was a favorite program of Mr. Bildt's Moderate Party, as well as his coalition partner, the Christian Democrats.

Also, government subsidies to families with children, a benefit from the years of Social Democratic rule, will remain frozen instead of being raised Jan. 1, as had been planned.

Political commentators said that whatever the fate of the crown, the pact between Mr. Bildt and his archrival, the Social Democrat leader Ingvar Carlsson, was a milestone in Swedish politics. "It means that politicians have obeyed the broad mandate from voters to take responsibility for the whole country rather than their party," the conservative newspaper Svenska Dagbladet commented. (A.P. Reuters)

Ministers 'Committed' to EMS

By Paul F. Horvitz International Herald Tribune

WASHINGTON — European finance ministers defended the European Monetary System on Sunday as a central ingredient in Europe's prosperity but took no immediate action to ease pressure on the tattered exchange rate mechanism.

The ministers' broadly worded communique, issued during the annual meeting of the International Monetary Fund, came after results of the French vote on European unity were publicized late Sunday. It appeared that any further decisions on Europe's currency situation would await the outcome of at least some market reaction to the vote in France.

The brief communique declared that the ministers welcome the French outcome and "expressed their view that the result will ease tension in the foreign exchange markets and reiterated their commitment to the European Monetary System as a key factor of economic stability and prosperity in Europe."

At the same time, some international bankers and finance officials expressed cautious hope Sunday that economic conditions were stabilizing after a week of turbulence.

Theo Waigel, the German finance minister, predicted little currency turbulence, saying markets had already anticipated the pivotal

vote in France on the European union treaty.

He called the apparent victory in France for ratification of the Treaty on European Union "a positive signal for integration in Europe and a positive signal for the markets."

Any detailed European response to currency unsteadiness will have to wait until after European officials meet in New York on Monday, an aide to the European Community said.

Henning Christophersen, an EC vice president said: "We will see a calming of the markets tomorrow." President George Bush also predicted that markets would "stabilize."

One focus of the optimism remained on interest rates in general and Germany's relatively high rates in particular.

Wolfgang Röllner, management board chairman of Dresdner Bank AG, said Sunday that inflation was abating sufficiently in Germany to raise expectations of lower domestic interest rates, even without intervention from the powerful German central bank.

"This process will continue," he said at a news conference during the annual meetings of the World Bank and the International Monetary Fund. "It does not require a further push by the Bundesbank."

And Norman Lamont, Britain's chancellor of the Exchequer, said

Big Currency Players Explain Their Fright

By Jonathan Fuerbringer New York Times Service

NEW YORK — Currency traders who have been placing high-risk bets have had a lot to do with the crisis that is rolling through Europe. The word "speculation," an accusation in itself, has rolled easily off the lips of finance ministers, like Norman Lamont of Britain, who are looking for scapegoats.

But there is growing evidence that it is the much more conservative institutional investors — the mutual funds, corporations and pension funds — that have humbled the pound, the lira and the peseta and helped to threaten the future of the European Monetary System and economic unity.

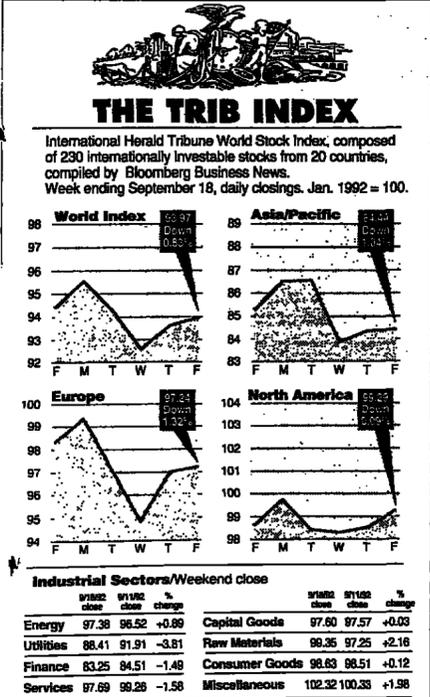
These institutions have invested hundreds of billions of dollars in Britain, Italy and Spain, where interest rates are high, on the assumption that the European Monetary System was providing them inexpensive protection against adverse currency fluctuations. The underlying weakness of these currencies, which normally would threaten to wipe out any gains from the investments, could be ignored.

But as the EMS buckled last week the safety of those investments and corporate strategies was undermined. And the sudden rush of many institutions to protect their investments by buying Deutsche marks and selling the weaker currencies in Europe — the pound, the lira, and the peseta — may well have provided the weight needed to break the back of the system. While there are no exact figures on how sizeable those investments are, they are clearly considerable.

"If you add up the funds, it is billions and billions of dollars that trickled in slowly, but they all wanted to get out at once," said Richard Jayovics, the managing director of Finex, a financial exchange in New York that offers instruments for protecting against currency fluctuations.

Other financial executives offer similar views. "I think the market is driven by the big investors: the mutual funds, the pension funds, the endowments," said David W. Rossmiller, vice president of international fixed-income management at the Travelers Investment Management Co. in Hartford, Connecticut.

See LETDOWN, Page 15



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CURRENCY RATES

Table with columns for Currency, Par \$, and various exchange rates for major currencies like DM, SF, Lira, etc.

Hong Kong Notebook

High-Rise Prices Teeter on the Edge

International Herald Tribune After 18 months of gravity-defying leaps, Hong Kong's residential property market appears to be headed for a correction. Since January 1991, prices have rocketed an average of 80 percent, driven largely by speculators.

But analysts are now saying that prices are so high that few people can afford to buy, sending many investors across the border into China's embryonic — and exceedingly risky — property market.

According to government figures, the number of sales and purchase agreements of apartments declined nearly 10 percent in the first half of the year compared with a year earlier; in August, they were down 30 percent from August 1991.

Analysts predict the trend will continue as the colony's inflation rate declines and interest rates rise, as expected, after the U.S. presidential election. Previously, high inflation and low interest rates drove many onto the property market in order to prevent their savings from losing value.

Some property stocks have already started to feel the pain and the banking sector may follow. Laura Greening, a bank analyst at Smith New Court, predicts mortgage growth will fall to single digits from a high of 41 percent in the last quarter of 1991, cutting heavily into the strong earnings registered by local banks last year.

"The momentum has peaked," she said. "We are going into a steady phase at a much lower rate of growth."

Lawyers Win Again

It is no secret that Hong Kong business executives are irked by the United States' campaign to exact trade concessions from Beijing. But there is one local sector that has seen tangible benefits from the policy: lawyers and lobbyists.

This week, 101 representatives of businesses and trade organizations with interests in China will testify before an interagency committee in Washington in an attempt to get their product exempt from a \$3.9 billion "tariff list" Washington has threatened to raise tariffs on the Chinese-made items if Beijing does not agree to eliminate a variety of trade barriers by Oct. 10.

Those who testify have been

advised to try to convince the committee, which is chaired by the U.S. trade representative, Carla A. Hills, that including their product on the list will hurt U.S. consumers, or that a high portion of its content is U.S.-produced.

"This has created a big concern and demand for professional assistance," said Simon Lnk, an attorney with the firm of Pettit & Martin. "Hong Kong businesses and trade associations have been alerted to this process and have learned to do things the American way."

Business Battlefield

In the 1987 film "Wall Street," a corporate raider turned to the ancient Chinese treatise "The Art of War" by Sun Tzu for inspiration. Now Hong Kong business executives are learning from a contemporary American military strategist: G.I. Joe.

Since April, Fred Yau, a former U.S. Marine Corps captain and infantry instructor, has been helping local managers hone their skills through war games training at a compound in the colony's New Territories.

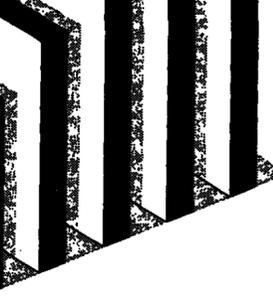
Using classic U.S. infantry organization, participants are divided into four-man "fire teams" armed with guns that shoot colored pellets. Three teams and a leader constitute a squad.

Mr. Yau then designs a scenario. "It can be a close-combat situation or a search-and-destroy mission," he said. Through the mock battle, participants are said to improve their skills in such areas as leadership, communication, teamwork, decision making, time management and "basic sales techniques."

"The greatest thing about this is that within a very short span of time you have to deal with all these elements," Mr. Yau said. And the lessons, he adds, are not easily forgotten.

"If you get shot, it is a very sobering experience. It may not be for real, but it leaves an everlasting impression."

So far 15 companies have signed up, including Hutchinson Whampoa, Hong Kong and Shanghai Bank and the mainland's Bank of China.



Sustained Growth

Table with columns: KEY FIGURES 91/92, In million of LUF, In million of USD, Increase. Rows include Total balance sheet, Customer deposits, Capital reserves and subordinated loans, Net profit, Earnings per share.

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes Floating Rate Notes and Fixed-Coupons.

Treasuries: Port in a Storm?

Experts Expect Bonds to Be Spared European Reaction

Compiled by Our Staff From Dispatches... NEW YORK — The U.S. Treasury bond market will have all eyes on Europe this week...

BUSINESS BRIEFS

Taiwan Broker Detained for Defaults

TAIPEI (Reuters) — Agents of Taiwan's Bureau of Investigation detained Lai Po-lung, a major stock market player...

Suzuki to Run Pakistan Auto Firm

ISLAMABAD (Reuters) — Suzuki Motor Corp. of Japan has taken control of Pakistan's only car plant...

China May Drop U.S. Auto Accord

BEIJING (UPI) — China has escalated its threats to retaliate against the proposed U.S. jet fighter sale to Taiwan...

Hartmarx Sheds Retail Operations

NEW YORK (NYT) — Hartmarx Corp. has announced the sale of its battered retail operations, ridding itself of a business that was dragging down its healthy manufacturing operations...

No Producer Plans for Coffee Cartel

LONDON (AP) — Brazil says there are no contingency plans for producers to act militarily to boost the depressed coffee market...

SEC Chief Pushes Stockholder Rights Plan

By David S. Hilzenrath... WASHINGTON — A watershed decision is drawing near at the Securities and Exchange Commission over proposals that could go further than any regulatory steps in recent memory...

Euromarkets At a Glance

Table with columns: Eurobond Yields, Weekly Sales, Libor Rates. Includes data for various markets and currencies.

CAPITAL: End of Exchange Controls Led to Disaster

(Continued from first finance page) up defending fixed rates and were obliged to let their currencies float. By then, money managers and corporate treasurers had convinced themselves that the Deutsche mark and its closely tied satellites — the guilder and the Swiss and Belgian francs — were inevitably headed for a revaluation against all other European currencies...

RUSSIA: Yeltsin Seeks Deal

(Continued from first finance page) flat, or a 50 percent monthly inflation, or in October or November. Mr. Gerashchenko's policies have also led Mr. Gaidar to acknowledge publicly that the Russian government cannot meet the financial targets that it negotiated earlier this year with the International Monetary Fund...

China Finance Minister Backs Market Solutions

Compiled by Our Staff From Dispatches... BEIJING — China's new finance minister, Liu Zhongli, has made a bold call for a broad disengagement of the state from the national economy, Xinhua reported. "Enterprises should be left to sink or swim in the market," Mr. Liu said in an interview Saturday with China's official news agency...

Last Week's Markets

Table with columns: Stock Indexes, Money Rates. Includes data for DJ Ind., S & P 500, etc.

LETDOWN: Why Managers Dumped Currencies

(Continued from first finance page) cut. He said he had contributed to the currency turmoil himself by shifting his strategy earlier this month in a way that forced the selling of the weaker European currencies. It is portfolios like these that are really driving the market, and it is the speculators that come in and chase the trend," he added. In fact, it appears that it was the very credibility of the European Monetary System, which attracted so much investment money, that ultimately helped bring the system down so quickly, market participants said. The system provided a safety net that allowed money managers to take risks that they would not ordinarily consider...

MUTUAL FUNDS

Table with columns: Fund Name, Assets, etc. Lists various mutual funds and their performance.

BusinessWeek advertisement with text: 'This week's topics: Inside Hitachi, The IMF Faces Its Biggest Challenge, Old Debt Threatens Eastern Europe's Recovery, Greater China Is Becoming A Force, Three Mutual Funds Bet On Beijing. Now available at your newsstand!'

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Sept. 18.

Large table of stock market data with columns for ticker symbols, bid/ask prices, and volume. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

For an up-to-the-minute view of the European bond markets, all you need is J.P. Morgan's 10-year benchmark screen.

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Table with columns: COUNTRY, ISSUE, BENCHMARKS, PRICE, YLD, OUST, OGER. Lists bond data for Germany, France, Denmark, Belgium, Holland, ECU, UK, Spain, Italy, and Swiss.

A recent MEUR screen: prices shown are for domestic settlement, and yields are expressed on an annualized basis from the offer prices.

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Modern Facilities And Ancient Charm

Lyon is "in." The beautiful capital of the Rhône-Alpes region, surrounded by hills, lakes and wild game, is enjoying the effects of a boom and is working hard to make it last.

Nothing will stop Lyon's mayor, the 48-year-old Michel Noir, from working to transform his old and formerly stodgy city into the self-proclaimed "Euro-city" of the 21st century.

Better known for its contributions to the silk

Northern and Southern Europe, Lyon considers itself a "crossroads" and is busy expanding its already impressive transportation network to establish itself as a vital link between the two halves of the continent.

The Satolas International Airport, less than 30 minutes from downtown Lyon, handles 3.7 million passengers annually on 52 international and 37 domestic flights offered daily by 21 foreign and national airlines.

Six hundred thousand tons of goods transit the Lyon region daily. Lyon and the Rhône-Alpes region's highly concentrated road network provides direct access to Paris, Marseille and Toulon, as well as Barcelona, Turin, Milan, Geneva, Basel and Brussels. And large-scale navigation is possible on the Rhône river between Lyon and Marseille, providing access to the Mediterranean.

"The TGV [Train à Grande Vitesse, France's high-speed train] is a tremendous asset," says Paul Raffaitin, administrative director of Schering-Plough's research laboratory in Lyon. Served by two stations in the heart of Lyon (Part-Dieu, in the new business district, and Perrache), the TGV travels between Lyon and Paris in only two hours. Future extensions will bring Brussels, Frankfurt and Barcelona within a three-and-a-half hour range, and an uninterrupted, high-speed route of 80 kilometers (500

Paris is two hours away by TGV

manufacturing, printing and banking industries. Lyon is also the birthplace of world-renowned companies such as Rhône-Poulenc, Péchiney and BSN. Boasting the second-largest pool of highly qualified workers in France after Paris, it is a hub of avant-garde activity in the fields of chemistry and para-chemistry, electrical engineering and electronics, textiles and clothing, optics, mechanical engineering, rubber and plastics.

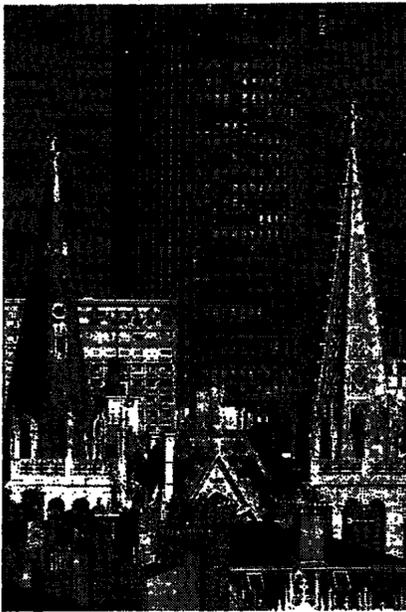
"Today, as the single market moves progressively toward implementation, Lyon's assets are becoming increasingly important," says Robert Maury, director of Lyon's regional development association. Aderly. "By virtue of its geographic position and the quality of its transportation, telecommunications and service facilities, the city is particularly well situated to provide maximal access to the French, Italian, Spanish and Swiss markets in particular."

Located at the confluence of the Rhône and Saône rivers, between

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Ronny Joyce, a free-lance journalist based in Paris.

LYON

DESTINATION EUROPE



The Lyon mixture: steeples and skyscrapers.

miles) will constitute the north-south backbone of Europe's railway network on completion of the Channel Tunnel.

All this may explain why an increasing number of French and international companies are opting for the gentler climate, greener surroundings and attractive working conditions offered by the city.

Back in 1964, the International Agency for Research on Cancer set up residence in a 14-story building on the edge of the hospital district. Since then, Interpol (International Criminal Police Organization) has relocated its world headquarters from Paris to Lyon, where Hewlett-Packard, Schering-Plough, Caterpillar,

Unilever and others have also established industrial and administrative sites.

Europe's own cable-television news channel, Euronews (which will start broadcasting in five languages on January 1, 1993), chose Lyon from among 15 European cities (including Strasbourg, Barcelona, Prague, Berlin, Bologna and the ill-fated Sarajevo) on the basis of studies by consultants Arthur Andersen and a two-ballot vote.

"The City of Lyon has proved a very responsible partner," says Euronews Director Pierre Brunel-Lantenac, who explains that his channel received an array of incentives, including a free 99-year land and building lease, a 15 million franc (\$31 million) equipment subsidy and exonerated taxes.

The mayor, Mr. Noir, is an unconditional ally because he understands the political importance of the Euronews project," says Mr. Brunel-Lantenac.

The Lyon region is the most important industrial center in France after the capital, contributing 15 percent to 20 percent of national production in various sectors of activity and 12 percent of industrial employment. Its 60 banks (of which 24 are foreign), thriving stock exchange, international lawyers, patent attorneys, certified public accountants and city officials portray the city as a hub of trade, industry and research.

Long-term ground leases at reduced rates, tax credits, lower import duties on selected items, low-interest-rate financing and cash allowances for job creation, business and science parks and the modern Eurexpo conference center are magnets for large and small companies. And 60,000 square meters of new office space, 800,000 square meters of warehousing and 850 acres of building land at prices much lower than those charged in Paris provide added incentives.

"With real-estate costs at one-third to one-quarter those of Paris and a lower cost of living as well, Lyon is an attractive location for both national and international firms," notes a study by the U.S.-based Industrial Development Research Foundation.

In addition, top-rate educational facilities (three universities, 14 graduate schools, hundreds of schools and a new Cité Scolaire Internationale opening this autumn), a vibrant cultural life, close proximity to six national parks and everyday access to the best cuisine in France should keep the Euro-city on the road to success.

"Everything is much easier here," says Mr. Raffaitin of Schering-Plough. Referring perhaps to the city's new parking spaces, he adds, "In Paris, it takes a whole morning to see one person. In Lyon, you can see twice as many people in the same amount of time."



Transport links: Lyon's Part-Dieu train station provides swift connections to the rest of Europe.

Coming to Lyon?

The city that is world-renowned for its gastronomic delights also excels in the art of business travel. Following are a few facts and figures that explain why. Number of tourists a year: 7.5 million (of which 1.5 million are visitors to congresses, conventions or salons).

Number of business visitors a year: 4 million.

Number of hotels in Lyon:

Four-star: 8, with 1,002 rooms

Three-star: 22, with 2,581 rooms

Two-star: 52, with 616 rooms

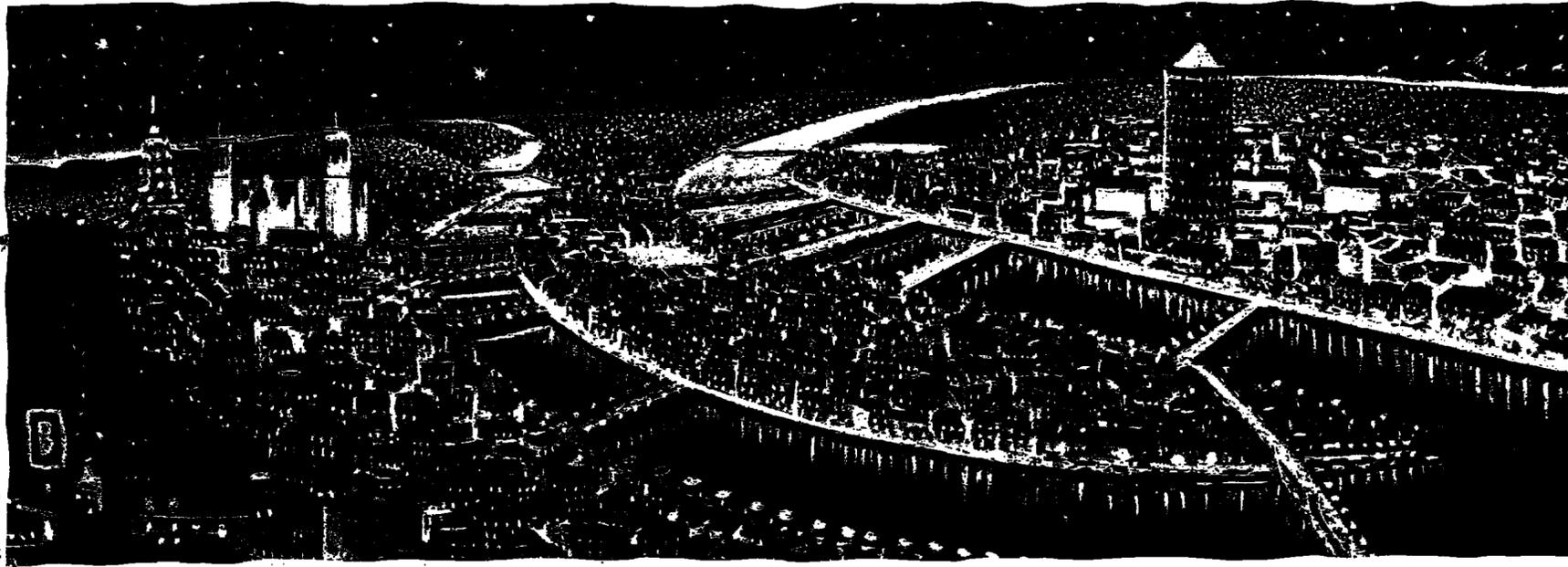
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Espace Albert Camus, tel: 72 37 13 91
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About 85 major events have been booked for these and other Lyon venues in the next year, including wine fairs, postage stamp exhibitions, film festivals, automobile shows, a biennale of contemporary art, a festival of sacred music, a festival of theater, conferences on education and technology and golf, tennis, moto-cross and other sporting championships.

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MONDAY SPORTS FOOTBALL

Beyond Football Field, Athletes' Commitment

By William C. Rhoden
New York Times Service

NEW YORK — In a matter of weeks after the opening of school, the University of North Carolina has reached a critical juncture in what has become a tense, emotion-filled battle over the construction of a separate black cultural center on campus.

There was a rally at the Dean Smith Center on Friday, where the film director Spike Lee spoke on behalf of the building project, which has become the object of a bitter tug-of-war between Chancellor Paul Hardin and a coalition of UNC student groups. Lee said he decided to become involved after learning that members of the North Carolina football team, with support from other UNC athletes, were in the forefront of the push for the center.

Vantage Point

The football players led a march of about 800 students to the chancellor's office on Thursday to set a November deadline for his public endorsement of the building, which would be named in honor of Sonja Haynes Stone, a popular African and Afro-American studies professor at North Carolina who died last August. Lee said Stone was a cousin.

"I'm not getting involved just because Sonja was my cousin," Lee said. "I'm a big sports fan and I always longed for the day when black athletes would move to do something. Schools are making millions of dollars from TV contracts on basketball and football programs, and most of that money is being generated by great black athletes. Maybe they're finally waking up and realizing how much power they have."

No doubt the events at North Carolina will be watched by presidents and athletic directors of large Division I schools with teams composed predominantly of black athletes.

It is unusual for athletes to take an active role in anything that might threaten a scholarship.

During a panel discussion in New York last week, Greg Anthony, a New York Knicks guard, said athletes were essentially well-compensated slaves bought and sold on an owner's whim.

One can certainly take issue with a comparison that equates millionaire athletes with slaves. But the larger point is that a certain slave mentality does prevent these millionaire athletes from seeing themselves as potentially powerful political entities.

The athletes' political awareness fails to keep up with their accelerated income. Little wonder, when college coaches like Jackie Sherrill are charged with teaching them perspective.

A couple of weeks ago, Sherrill, beginning his second season at Mississippi State University, arranged for his team to watch the castration of a bull during practice. Sherrill thought the demonstration would be educational and would provide inspiration for the team's game against Texas. Donald Zacharias, president of Mississippi State, issued a lukewarm admonition and then sent Sherrill back outside to play.

At North Carolina, the players politicized themselves, then effectively warned their coach, Mack Brown, not to interfere with their lives outside football. What has impressed even those who oppose a separate center is how effectively a group of athletes organized to address the issue.

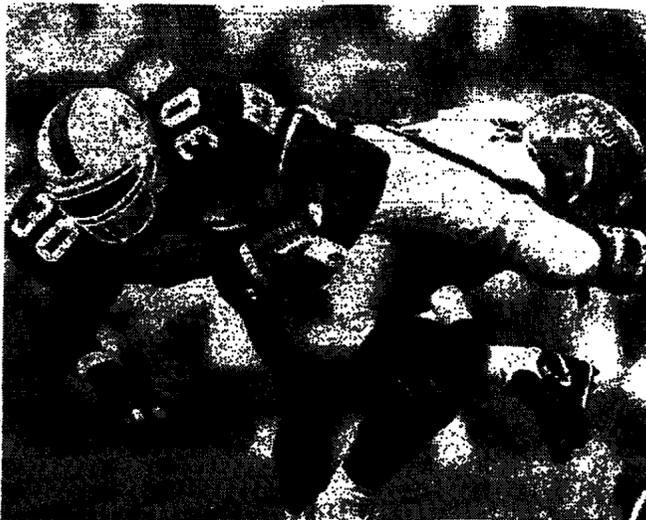
The battle had been going on for nearly 13 years at North Carolina and intensified in August 1991, when Stone suffered a stroke. But it was not until June, when four football players — Jimmy Hitchcock, Malcolm Marshall, Tim Smith and John Bradley — became involved, that the movement accelerated and attracted a broad, multiracial base of support.

Two major questions remain: Will the North Carolina protests become the impetus for greater activism among black student athletes around the country? And, more immediately, how much will the athletes be willing to sacrifice to achieve their goal?

Hardin has said in private meetings that conservative forces on the board of trustees and within the state will not approve a separate black cultural center, even if outside money is raised for it.

"A lot of guys on the team were reluctant to get involved at first until we explained how important it was and how it went beyond playing football," Smith said. "It's not about just building a building, it's about power and building a monument to Dr. Stone and to all the black people who used to own the land this university was built on."

"We're committed to this."



Fullback Stephen McGuire flying through the air for an 8-yard gain for Miami against Florida A&M.

Eagles Rout Broncos As 49ers Trounce Jets

Compiled by Our Staff From Dispatches

Randall Cunningham threw three touchdowns passes Sunday in Philadelphia and the Eagles held the Denver Broncos to 82 total yards and four first downs for a 30-0 victory.

Philadelphia improved to 3-0 for the first time since 1981. Denver fell to 2-1.

Calvin Williams caught scoring passes of 24 and 49 yards from Cunningham, and Fred Barnett added a 34-yard touchdown reception for Philadelphia. Roger Ruzek kicked field goals of 51, 27, and 35 yards.

Cunningham completed 18 of 25 passes for 253 yards. Denver's John Elway completed only 8 of 18 for 59 yards with one interception and was sacked three times. Denver failed to convert any of its 11 third-down tries.

The Broncos' only scoring opportunities came when Jeff Treadwell missed field goal attempts of

49 yards in third quarter and 33 in the fourth.

49ers 31, Jets 14: The San Francisco 49ers won for the second time in three weeks at Giants Stadium in East Rutherford, New Jersey, with a victory over the New York Jets.

In the season-opener, the 49ers beat the Giants, 34-14.

Steve Young threw for two touchdowns and ran for another in

Taylor broke his left leg in the first period and will be sidelined at least eight weeks.

The 49ers (2-1) put the NFL's most productive attack to work immediately. Young found Jerry Rice for 23 yards and Taylor for 19 on the play when he suffered his injury.

After getting to the 5, Young avoided a rush and hit a wide-open Rice in the back of the end zone for a 7-0 lead.

Saints 10, Falcons 7: In Atlanta, Morten Andersen kicked a 47-yard field goal with 1:51 left to play to give New Orleans the victory.

The Saints (2-1) had tied the score at 7-7 with 11:06 left in the third quarter of the defensive duel on a 12-yard touchdown pass from Bobby Hebert to wide receiver Quinn Early.

New Orleans began its winning drive from its own 27 with 5:29 left to play. The Saints had a first down at the Falcons 31, but netted only three yards on the next three plays because of an offensive pass interference penalty and had it fourth- and seven- at the Atlanta 29 when Andersen came on to kick the field goal.

Oilers 23, Chiefs 20: In Houston, Al Del Greco kicked a 39-yard field goal with 13:05 left in overtime, enabling the Oilers to avert an upset by Kansas City.

The Oilers (2-1) flirted with disaster the entire game, but rallied to take a 20-13 lead late in the game. They won in overtime after Kansas City (2-1) tied the game in regulation, won the toss and the Chiefs' receiver J.J. Burden caught a third-down pass and then fumbled.

Cornerback Cris Dishman caused the fumble, and defensive tackle Doug Smith recovered for the Oilers at the Kansas City 3.

After a 2-yard gain by Lorenzo White, Del Greco kicked his third field goal of the game.

Quarterback Warren Moon, who threw two interceptions, put the Oilers ahead, 20-13, with a 21-yard touchdown pass to Ernest Givins with 3:15 to play in regulation.

But the Chiefs came right back, tying the score with 23 seconds left in regulation on a 4-yard run play for a touchdown by Todd McNair.

Seahawks 10, Patriots 6: In Foxboro, Massachusetts, Seattle won the struggle of toothless offenses, scoring on the game's first series and sacking New England's Hugh Miller six times.

The Seahawks finally sealed the victory when Patrick Hunter intercepted Miller's pass in the end zone with 35 seconds left. The Patriots had moved from their 20-yard line to the Seattle 25 on four straight completions.

Chris Warren, who ran for a career-high 122 yards, scored on a 2-yard run 5:42 into the game. John Kasey's extra point gave the Seahawks (1-2) all they needed.

Vikings 26, Buccaneers 20: In Minneapolis, Sean Salisbury, playing his first NFL game in five years, replaced the injured Rich Cannon and led the Vikings to a 26-20 victory. It was Tampa Bay's first loss under Sun Wuyhe.

Cris Carter caught two touchdowns passes, one each from Gannon and Salisbury, as Dennis Green won his home coaching debut with the Vikings (2-1).

The Buccaneers (2-1) had won their first two games at home under Wuyhe, who was hired to revive an organization that has suffered through nine straight seasons of 10 losses or more.

Packers 24, Bengals 23: In Green Bay, Wisconsin, Brett Favre, forced into the game by a first-quarter injury to Tom Majkowski, threw a 35-yard touchdown pass to Klrick Taylor with 13 seconds left, giving the Packers a victory over Cincinnati.

With no timeouts, the Packers moved 92 yards in five plays during their game-winning drive that took just 54 seconds. Favre had a key 42-yard completion to Sterling Sharpe in the drive, which capped Green Bay's 21-point fourth quarter.

Taylor's catch behind the Bengals defense and Chris Jacke's ensuing point-after gave Green Bay's Mike Holmgren his first NFL coaching victory and Cincinnati's rookie coach, Dave Shula, his first defeat in three games.

Green Bay (1-2) trailed, 17-3, after three quarters, but rookie Terrell Buckley, in his first NFL game, returned a punt 58 yards for one touchdown and Favre, a second-year player, hit Sharpe for a 5-yard touchdown to cap an 88-yard drive.

(AP, UPI)

Washington Beats Nebraska on Turnovers, 29-14

Compiled by Our Staff From Dispatches

No. 2 Washington and No. 12 Nebraska continued streaking in opposite directions. The Huskies scored two touchdowns in 42 seconds just before halftime and capitalized on three turnovers to beat the Cornhuskers, 29-14, on Saturday night in Seattle.

The victory extended Washington's winning streak to 17 games and continued Nebraska's drought against top teams. The Cornhuskers have lost 10 consecutive games to teams ranked in the Top Five and eight straight to Top 10 teams. Both streaks include Washington's 36-21 victory at Nebraska last year.

Napoleon Kaufman scored on a 1-yard run with 1:29 left in the half to give Washington (3-0) a 16-7 lead in the first night game ever played at Husky Stadium, and the Huskies got the ball right back on an interception by Walter Bailey at the Nebraska 47. Three plays later, Billy Joe Hobert threw a 29-yard touchdown pass to Joe Kralik to give the Huskies a 23-7 lead and control of the game.

Replays indicated that Kralik may have been out of bounds and may not have held on to the ball as he dove in the back of the end zone, but Nebraska didn't protest the call.

Nebraska (2-1) made it 23-14 on a 1-yard touchdown run by quarterback Mike Grant in the third quarter, but Travis Hanson kicked two field goals to put the game away for the Huskies.

No. 1 Miami 38, Florida A&M 6: In Miami, Gino Torretta threw two touchdown passes to Lamar Thomas before he was sidelined with a shoulder injury. Torretta left the game in the second quarter with what was diagnosed as a left shoulder sprain.

No. 3 Florida State 34, No. 16 North Carolina State 13: In Raleigh, North Carolina, Charlie Ward threw for 273 yards and three

touchdowns to lead Florida State to its third straight Atlantic Coast Conference victory. No. 14 Tennessee 31, No. 4 Florida 14: The Gators, with one of the best college defenses, were shut down in Knoxville, Tennessee. Florida gained only 278 yards, punted nine times and took 12 penalties.

No. 5 Texas A&M 26, Missouri 13: In Columbia, Missouri, Greg Hill rushed for 104 yards and scored two touchdowns and helped A&M score 23 second-half points.

No. 6 Michigan 35, Oklahoma State 3: In Ann Arbor, Michigan, Todd Collins, substituting for the injured Elvis Grbac, threw for 285 yards and two touchdowns for Michigan. Collins, a sophomore making his first start, completed a school-record 29 passes.

No. 7 Notre Dame 52, Michigan State 31: In East Lansing, Michigan, Rick Mirer threw for three touchdowns and Lee Becton scored

on a 4-yard run and a 78-yard kickoff return for Notre Dame. The three touchdown passes brought Mirer into a tie with Joe Theismann's Notre Dame career record of 31.

No. 21 Ohio State 35, No. 8 Syracuse 12: In Syracuse, New York, the Buckeyes scored touchdowns on three of their first four possessions, intercepted quarterback Marvin Graves four times and sacked him six times.

No. 9 Alabama 38, Arkansas 11: In Little Rock, Arkansas, Alabama scored on its first play from scrimmage and outgained Arkansas, 214 to 8, in the first 16 minutes.

No. 10 Penn State 52, Eastern Michigan 7: In University Park, Pennsylvania, John Sacca threw for 153 yards and two touchdowns and Richie Anderson ran for two scores.

No. 11 Colorado 21, Minnesota 20: In Minneapolis, Colorado, playing without starting quarterback Kordell Stewart, got an impressive performance from backup stringer Koy Detmer. The Buffaloes trailed, 17-0, in the third quarter before Detmer — the brother of the Heisman Trophy winner Ty Detmer — led the comeback.

Southern Cal 20, No. 13 Oklahoma 10: In Norman, Oklahoma, Stephen Pace returned a fumble 19 yards for a Southern Cal touchdown, then intercepted a pass to kill Oklahoma's last hope.

No. 15 UCLA 17, Brigham Young 10:

Lindros Debuts With Flyers

By Joe Lapointe
New York Times Service

PHILADELPHIA — The National Hockey League, which survived 75 seasons without him, has presented its first Eric Lindros. Lindros is expected to get a rousing reception from the fans on his first trip there, so the Flyers' management decided to postpone that until the teams meet there in the regular season on Oct. 13.

Lindros left open the possibility that he would persuade team management to let him play in Quebec on Sunday.

"Yeah, I'd like to get up there," he said. "I do what I'm told. The bus leaves at 7:30. Maybe I'll be on it, maybe I won't."

Most of the Spectrum seats were filled for the game. Although there were no banners on the edges of the balconies, many fans wore white and orange Flyers jerseys with Lindros's name and number, 88, on the back.

He took a regular shift, killed penalties and worked the power play. He took two minor penalties in the first period, for knocking and for roughing. He set up

several scoring chances for linemates and drew gasps and cheers late in the first period for a rush that gave the customers hope for the future of a once successful franchise that has sagged badly in recent seasons.

In the second period, Lindros showed the checking advantages that come with his size — 6 feet, 5 inches and 235 pounds (195 meters, 107 kilograms). A collision with Bill Lindsay left the latter on the seat of his pants.

The 19-year-old Lindros joined the league and the Flyers this fall after a year of controversy. Selected by the Nordiques first overall in the 1991 draft, he refused to report and played for the Canadian Olympic team in order to force a trade.

The Nordiques traded him in June at the draft in Montreal, but both the Flyers and the Rangers claimed they had a deal with Quebec. The Nordiques sided with the Rangers, but an arbitrator ruled in favor of Philadelphia, which signed Lindros to a multiyear contract.

He is earning an estimated \$3.5 million per season, the largest salary in professional hockey.

Valvano Vows to Win His Cancer 'Battle'

United Press International

NEW YORK — Jim Valvano, who coached North Carolina State to a National Collegiate Athletic Association basketball championship in 1983, has vowed a long public silence about his cancer fight, vowing to "win this latest battle."

Valvano, 46, made his comments on Friday while accepting the Leadership in Sports award from the Coalition of Italo-American Associations.

It was his first public appearance since June, when he was diagnosed as having cancer.

In its Sunday editions, the Daily News of New York reported that Valvano, choking back tears, told a

crowd of about 1,500 that prayer had enabled him to keep his spirits up.

Quoting Albert Schweitzer, Valvano said: "In everyone's life, sometimes your inner fire goes out. It bursts again into flames with an encounter with another human being. We should be thankful for people who can rekindle our human spirit."

He added: "I'm going to win this latest battle. With the help of my family and friends, that spirit will be rekindled."

Valvano is undergoing chemotherapy for an organic form of cancer that spread through the bloodstream to his spine, bones and other parts of his body.

First Bout In China Is Called Off

Reuters

NEW YORK — The first professional championship boxing match to be held in China has been called off by the promoter, Bob Arum, amid reports that the fight's promotion was linked to a financial scandal.

Arum, who said an injury to one of the fighters forced the cancellation, said he would announce a replacement card next week for the Oct. 16 bout in Beijing.

Arum denied that the cancellation had anything to do with reports that a Chinese company was claiming it had been swindled out of millions of dollars in a joint venture with the government and Arum to stage the fight.

"That's not true, it's outrageous," Arum said on Friday. Referring to the International Boxing Federation super-middleweight champion, Iran Barkley, who was to defend his title against another American, Doug DeWitt, he added, "The kid made every effort to make this fight."

Barkley is injured with severe tendonitis in his left elbow and has been told he can't spar for six weeks and it may require surgery," Arum said by telephone from Las Vegas.

A Chinese company, Beijing Jinghua Industries Group, said \$3.1 million in its deal with the government and is aiming that it has been neat out of the money, the newspaper USA Today reported on Friday.

SIDELINES

Mitsubishi Wins 15th Stage of Rally

SHANSHAN, China (AP) — Mitsubishi took the first three places Sunday in the 15th and most scenic stage of the Paris-Beijing Rally. On the 395-kilometer (245-mile) section from Korla to the desert town of Shanshan, Erwin Weber of Germany was the fastest; Bruno Saby of France was second, and Kenjiro Shinozuka of Japan, third.

In the overall standings, Shinozuka is second, 38 minutes behind the leader, Pierre Lartigue, in a Citroën. Weber is third; he closed the gap on Shinozuka by six minutes to about 47 minutes. Saby is fourth.

The stage took the field through breathtaking terrain, including a valley 100 meters (330 feet) below sea level where the temperature soared to 40 degrees centigrade (104 degrees Fahrenheit).

Another Disappointment for Arazzi

PARIS (Reuters) — Arazzi flopped again on Sunday, but may still bid for next month's Breeders' Cup in Florida. The colt finished only third in the Prix du Prince d'Orange, beaten six lengths and a head by Arcangues and Prince Polino in a five-runner race over 10 furlongs. It was Arazzi's third defeat in a row, after reverses in the Kentucky Derby and at Royal Ascot.

Arazzi was rated one of the best 2-year-olds for years in 1991, when he won the Breeders' Cup Juvenile, but little has gone right this year. Trainer François Boutin said, however, that he had not ruled out an entry in the Breeders' Cup, at the end of October.

Napoli Declines to Meet on Maradona

NAPLES, Italy (AFP) — Napoli has declined to attend a meeting Monday with FC Seville aimed at resolving the transfer wrangle over Diego Maradona, the Italian soccer club announced on Sunday.

No reason was given, but sources said it may be because the Spanish club's offer of \$4.5 million for the Argentine star falls way short of Napoli's price of \$9 million. The Monday meeting at the Zurich headquarters of FIFA, soccer's governing body, was seen as a last chance to allow Maradona to resume his playing career this season.

The 31-year-old fulfilled a 15-month suspension for cocaine use in the summer, but refused to complete the last year of his contract with Napoli.

For the Record

Unbeaten Chris Eubank of Britain drained the punching power from challenger Tony Thornton of the United States on Saturday in Glasgow and won a unanimous decision to retain his World Boxing Organization super-middleweight title. (AP)

The St. Louis Blues of the National Hockey League have signed the top draft pick, Igor Korolev, and negotiated his release from the Dynamo Moscow team. (AP)

Edgar Martinez, third baseman with the Seattle Mariners and the American League batting leader with a .343 average, underwent surgery to remove bone spurs from his right shoulder and will miss the rest of the season. (AP)

Slovan Bratislava and Ferencvaros, the two soccer clubs involved in a dispute over allegations of Czechoslovak police brutality to Hungarian fans during a Champions' Cup match on Wednesday in Bratislava, were fined on Sunday by UEFA, the sport's governing body in Europe. (Reuters)



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Publishing: Waiting for the Aquatic Ape

International Herald Tribune
LONDON — Yes, in a world of faceless conglomerates and fading readers there are happy independent publishers. Ernest Hecht, who will celebrate the 40th birthday of his Souvenir Press next month while his confreres are slogging at the Frankfurt book fair, is a short and jovial man in a Harry Truman-style sportshirt, bought at Marks and Spencer, who modestly headlines his catalogue "The Independent Publisher of Books that Sell Well" and whose writing paper bears a

MARY BLUME

Latin motto, composed for him by an Eton classics master, to the effect that Best-Sellers are the Best Revenge.

There are best-sellers and best-sellers. Most people have heard of such Souvenir authors as Arthur ("Airport") Hailey or even of the romantic novelist Madeleine Brent, who is in reality a man named Peter O'Donnell, but Rosemary Hawthorne, author of the popular "Knickers" and the forthcoming "Bras," is hardly a household name. Mrs. Hawthorne, the wife of a vicar whose parishioners include Prince Charles, will next get into the gamier areas of her field with works on stockings, garters and garter belts.

"It's the only way to sell the rights to America," Hecht explains.

Hecht prides himself on successfully selling foreign rights. "We have 700 books in print — we have published 2,000 — and the average number of translation rights we sell is four to six. That's better than most," Hecht says. He gets around in six languages and as an ardent soccer fan spends a lot of time abroad. He missed the Frankfurt fair in 1986 because he wanted to attend a match and, noticing it made no difference to his business, has never been since.

In the dwindling ranks of British independent publishers, Hecht does not have the historical and literary links of John Murray, publisher of Lord Byron, or the visual taste of Canziani in Manchester or the minute scale of Quincey Tree Press in Yorkshire whose books never exceed 16 pages and fit into an ordinary square white envelope. The window of Souvenir's headquarters, opposite the British Museum, is as random and dusty as a second-hand bookstore:

"Irish Short Stories," "Kafka's Milena," "Dog Help Us," "For Dog's Sake," "Why Does My Dog," "The Stonehenge Solution," "Omens from Your Dreams," "Sue Boettcher's Black Cat ABC," "Trooping the Colour," "Antiques: Professional Secrets for the Amateur," and "General Reflections: A Military Man at Large," are some of the titles in the window, along with a selection of psycho babble and an impressive selection of books on living with physical and psychological disabilities.

"We have the largest list of books on disabilities in Europe," Hecht says.

His list, ranging from jazz to eutanasia to "The Golf Swing of the Future," is downright odd though the word Hecht prefers is eclectic. "We are all over the



Ernest Hecht, who celebrates the 40th birthday of Souvenir Press next month.

place and we do everything from very pop to high type books." He is at present trying to relaunch the works of Knut Hamsun, the nearly forgotten Norwegian novelist and poet who won the Nobel Prize in 1920.

Perhaps in parody of the very literary publisher, which he is not, Hecht's office, with its ogival entrance (it was once a church), is in what can only be called early ragpicker style, with every surface, including the floor, covered in clippings, letters, football souvenirs, theater programs, wine bottles and, possibly, unsolicited manuscripts.

"I find things by the dust, like arboreal dating," Hecht says. It is a setting that calls more for a dumpster than a chair and Hecht is immensely proud of it, claiming he can find anything in seconds. There is no truth to the rumor that he really works out of a tidy computerized office and keeps the front room just for show.

Benumbed by the office and Hecht's unorthodox personality, an interviewer from The Guardian once observed: "It's like getting away from publishing to talk to the publisher Ernest Hecht." The turnover

Souvenir Press claims is, however, a very respectable £1.5 million a year.

Hecht has a small staff with only one editor and no marketing department at all.

"No matter how it is disguised, marketing can only tell you what has sold well before," he says. "If it was as easy as looking at what's sold before, there would be no point in editors at all."

Hecht informs his salesmen which books will sell. "If they ask why, I say because we say it will." Two salesmen who expressed doubts about "Knickers" were sharply reminded of their error at the next sales meeting.

Born in Czechoslovakia, Hecht was brought as a boy to London where his father set up in the garment trade. The Central European influence on British publishing has been enormous — Hecht likes to recall his fit of giggles at a publisher's meeting in Vienna where he saw men with names like Deutsch, Weidenfeld and Krzyna-Krausz wearing badges identifying them as *Grossbritannien* — and one reason for their success, Hecht says, is that many of the Central Europeans were also

impresarios and brought a certain theatrical flair into the genteel English publishing trade.

Hecht sees himself as scion of the roguish Central European tradition — sharp on cutting deals and winning publicly, quick to jump on a trend. Right now he is very high on the aquatic ape theory advanced some time ago by one of his authors, Elaine Morgan. He got the ape onto the front pages by sponsoring a lecture on the theory during the congress of the British Association for the Advancement of Science, which always gets nationwide attention.

The theory, which maintains that humans are descended from comparatively recent ancestors who lived in the sea, will in the next 10 years dominate evolution, Hecht maintains. "In the long run it is more important than the Duchess of York's toes," he added in a peevish reference to a recent story that got more space than the ape.

A graduate of Hull University, where he took degrees in economics and commerce and managed the soccer team, he entered publishing in 1952, taking the press's name from the souvenir theater programs he used to sell. He is still an entertainment buff, producing shows and such singers as Barbara Cook. He had Andrew Lloyd Webber under contract, rather prematurely, when the composer was only 18.

Hecht's first book, published out of his parent's house, was a cricketer biography, his second a football biography. "My first best-seller was after that. 'The Pass-Word is Courage,' about a British soldier who got into Auschwitz, not out of, and was subsequently a witness against I. G. Farben." Next he published a cookbook by the daughter of Mario di Caprice, then the fanciest restaurant in London, which enabled him to entertain contracts graciously and gratis.

"I would bitterly say would you like a cigar? Brandy? That was a great help because I cut short all the problems of meeting the top buyers."

Hecht says he was the first publisher to go after the provincial press, realizing that his books would not get reviews in the London dailies. He also claims to have been the first to publish books on rock 'n' roll in 1959 and in the 1960s he began publishing such Latin American authors as Borges, Neruda, Cortazar and Amado. He initiated "The Peter Principle" after seeing a newspaper article by Lawrence J. Peter, and published a passel of what he calls psychological gurus.

In a highly mixed list, a hefty proportion is devoted to books on cats and dogs. "My editor loves cats and I have some instinct to find the good titles," he says. He doesn't much care for animals himself. "We've actually had six best-sellers in cats, we're probably the most successful cat book publishers in Europe."

"We've just got a cat book from a lady who lives in Provence," Hecht added.

From Peter Mayle to Peter Meow? "Actually, we're trying to cut the word Provence out of the title. We think it's peaked."

LANGUAGE Political Attack Locutions Are In

By William Safire
New York Times Service

NEW YORK — America is back up on wedgies. Remember those triangulated, high-soled shoes of the 1940s that incorporated the heel and turned the fashionable woman into an endangered species? They're back — not merely in the form of platform soles, but planks in political platforms.

In 1990, as Bush White House aides fought over the degree to which affirmative action guidelines became quotas, the former Carter adviser Stuart E. Eizenstat said with some prescience that the Republicans had "a need to give the Reagan Democrats red meat at a time when the economy is going into the tank, and they see civil rights and quotas as a wedge issue."

Recalling this early usage and perhaps coinage, Eizenstat tells me: "I was looking for a phrase to illustrate the attempt to split the coalition of working-class whites and blacks, the two constituencies Roosevelt unified on economic grounds. The image came to mind of a wedge being driven."

It filled a political-linguistic need for fresh labels. Another Democrat, the Clinton strategist James Carville, charged two years later that President George Bush's advisers, bereft of an agenda, had to "dust off the Republican manual, which is to go to wedge issues: 'We can't lead the country so maybe we can divide it.'"

As a phrase, wedge issue is related to the 80s *hot-button* issue, which was an updating of the 70s *polarization*. Wedge, with early Indo-European roots as both verb and noun, strikes me as an improvement over the Latinate *polarize* and *polarization*.

Wedge issue is a political attack locution, usually used by liberals and moderates, aimed at politicians on the right who bring up sensitive cultural and social subjects during political campaigns. The dividing wedge, however, need not be racial: free trade is seen by the right as a wedge issue to use to divide workers and environmentalists on the left.

Here is a synonymy of the issues issue: a *switcher* issue — like gun control or abortion — is a single subject that will cause a minority of voters to change their vote regardless of other patterns, urges or habits (resulting in a *bullet vote*).

A *hot-button* issue — like perks for big shots or global warming — will cause a potential voter to become agitated, but not necessarily to the point of switching allegiance; touching this button causes audiences to roar or hoot, and is synonymous with *red meat*, the figure of speech drawn from the excited reaction of carnivorous animals when food is thrown into their cage.

A *gut issue* has a wider visceral appeal: the intestinal matter on this year's agenda is the slow growth of the economy, expressed in the single word "jobs." This *bread-and-butter* issue can also be the *burning* issue if it

is dramatized, but if the opposition fails to ignite it, the subject is better described as the *paramount* issue. As an issue fades, it becomes characterized as a *zawner*.

I miss Ross Perot. Not only did he apply the traffic term *gridlock* to divided-party government, but also the jug-eared, thin-skinned executive generated the most derisive sobriquet of the current campaign, as his betrayed supporters called him "the yellow Ross of Texas."

In Forbes magazine's 75th anniversary issue, Peggy Noonan, the former Reagan-Bush speechwriter who has developed the art of impressionism in political prose, summarized the voters' view of the horseless head man in a poetic trope: "They looked at him and saw a hand grenade with a bad haircut."

"It's partly a *convention bounce*," Bill Clinton said after his poll ratings shot up in July.

As August ended and the Republicans had convened in Houston, the Bush-Quayle ratings improved somewhat and The Christian Science Monitor wrote, "It represents a routine *convention bounce*." Newsweek, in its Conventional Wisdom Watch, asked, "Why does the CW worry about the *convention bounce*?" if the CW also says the bounce dissipates within two weeks?

The much-discussed *convention bounce* is a temporary rise in the opinion polls caused by the television exposure and print commentary during a party's national convention. As The Associated Press reported in 1988, "The *convention bounce* usually settles down as voters focus on the issues of the race."

Bounce has triumphed over the variant *bump*. Who coined the phrase? In 1980, the Carter presidential spokesman, Jody Powell, used the term to mean a psychological lift: he said that the increase in President Jimmy Carter's rating was "the post-convention bounce we hoped for." In a dozen years, the post-prefix has worn off.

Phrase junkies are always on the lookout for political axioms, adages and proverbs.

Bert Lance's "If it ain't broke, don't fix it" has become a source of inspiration to anti-activists. Dwight Morrow's "Any party which takes credit for the rain must not be surprised if its opponents blame it for the drought" is being ruefully repeated by supporters of George Bush. Economists eager to fine-tune the economy turn to the wisdom attributed to the gangster Al Capone: "You can get a lot more done with a kind word and a gun, than with a kind word alone."

A subcategory in this field is "forgiveness, political," headed by the quotation attributed to the Kennedy brothers: "Forgive but don't forget." An addition to this store of sophisticated sagacity has been provided by the newscaster Jim Lehrer, in his new, breezily profound memoir, "A Bus of My Own" (Putnam). He notes in passing that some former associates tried to do him in, and then forgives them, but not completely. "As a prominent Oklahoma politician says a lot," Lehrer writes, "Show me somebody who can't tell his friends from his enemies and I'll show you somebody who's going to end up with no friends."

New York Times Service

Spoleto Festival Ends Year With a \$535,000 Deficit

The Associated Press
CHARLESTON, South Carolina — The Spoleto Festival U.S.A. ended its 1992 season with a deficit of \$535,831 in its \$4.3 million budget, officials announced. The deficit was smaller than an earlier projected \$800,000 shortfall.

The board chairman Homer Burrows said the 1992 season was a challenging year.

"We have been battling a recessionary climate that has significantly hampered financial support for all of the arts. And we didn't have an executive director until February," he said.

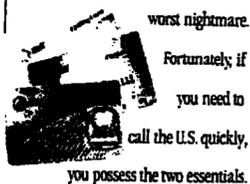
Burrows said foundation and government support for the festival lagged behind earlier years. Ticket sales brought in about \$1.5 million, about \$113,000 short of the ticket goal.

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